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**Mobility of highly skilled professionals in the single European market: Franco-British company case studies**

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# **Mobility of highly skilled professionals in the Single European Market: Franco-British company case studies**

submitted by Naomi Scotto  
for the degree of PhD  
of the University of Bath  
1998

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## **Mobility of highly skilled professionals in the Single European Market:**

### **Franco-British company case studies**

Compared to previous mass migration flows of unskilled workers across Europe, the emergence of the pan-European mobility of highly skilled workers is a small but important phenomenon. Flows of unskilled workers have now all but dried up and it has been seen that in the current economic climate it is the highly skilled workers who are increasingly in demand. Moreover, the mobility of these workers, though small, is of significant importance and is likely to have an impact on national economies and companies.

At the EU level, the free movement of workers has largely been established. However, some obstacles to mobility still remain. For the highly skilled worker these are likely to be supplementary pensions, recognition of diplomas and fiscal difficulties. Furthermore, the responsibility for free movement needs to be more carefully defined, particularly as the issues involved are of a highly sensitive nature for member states.

This study examines the link between the establishment of the Single European Market, the increasing globalisation of major European companies and the free movement of highly skilled or professional workers. Company case studies are used to establish the extent of mobility within corporate internal labour markets, and the type of company and worker most affected by international mobility.

Despite the importance of highly skilled worker mobility, research in this area has tended to be patchy and lacking an integrated approach. This study therefore aims to draw together existing studies for comparison and to add new empirical data to help bridge the gap between theory and current supply and demand of highly skilled migration.

## Contents

<b>Chapter 1 Introduction.....</b>	<b>11</b>
<b>Chapter 2 International worker mobility.....</b>	<b>20</b>
2.0 The reasons for looking at the mobility of the highly skilled .....	20
2.1 Cross-border company activity in the SEM.....	22
2.2 Franco-British labour market differentiation .....	27
<i>i) The ‘societal effect’ approach .....</i>	<i>27</i>
<i>ii) ‘Internal’ versus ‘professional’ labour markets.....</i>	<i>29</i>
2.3 Social security provision.....	31
2.4 The effects of culture on pan-European mobility.....	36
<i>i) The Power Distance Index.....</i>	<i>38</i>
<i>ii) The Uncertainty Avoidance Index .....</i>	<i>38</i>
<i>iii) The Individualism Index .....</i>	<i>39</i>
<i>iv) The Masculinity Index.....</i>	<i>39</i>
2.5 Concluding remarks .....	43
<b>Chapter 3 The mobility of the highly skilled migrant.....</b>	<b>44</b>
3.0 Migration disciplines.....	44
3.1 Migration theories .....	46
3.2 Traditional flows to ‘fluid exchanges’ .....	49
3.3 Relating theory to empirical data .....	51
3.4 Inertia and psychic cost.....	53
3.5 The development of new migration models.....	55
<i>i) Distinguishing factors of highly skilled migrants.....</i>	<i>55</i>
<i>ii) New models.....</i>	<i>60</i>
3.6 The corporate versus the individual mover.....	63
3.7 The consequences of mobility.....	67

## **Chapter 4 Review of corporate mobility policy issues in the SEM..... 71**

4.0 Introduction.....	71
4.1 Company preparation for the SEM .....	72
4.2 Pan-European labour mobility .....	75
4.3 Pan-European graduate recruitment .....	77
4.4 Human resource issues .....	80
4.5 Why do companies require mobility? .....	82
<i>i) Company motivation</i> .....	82
<i>ii) Employee motivation</i> .....	83
4.6 Who undertakes international assignment?.....	84
<i>i) Worker categories</i> .....	84
<i>ii) Personal circumstances</i> .....	85
4.7 The search for Euromanagers.....	87
4.8 Selection criteria and procedures .....	90
<i>i) Selection criteria</i> .....	90
<i>ii) Selection procedures</i> .....	91
4.9 Responsibility for the assignment.....	93
4.10 Length of postings.....	94
4.11 Preparation for assignment.....	95
4.12 Compensation package.....	96
4.13 Income related benefits .....	99
4.14 Dual career couples .....	100
4.15 Difficulties for companies.....	102
<i>i) Returning workers</i> .....	102
<i>ii) Utilising workers' new skills and experience</i> .....	103
4.16 Difficulties for workers .....	104
<i>i) Mismatch of employee and company expectations</i> .....	104
<i>ii) Returning home</i> .....	105

## **Chapter 5 The policy framework for free movement..... 107**

5.0 Introduction.....	107
5.1 The first steps.....	108
5.2 Social protection for migrant workers.....	111
5.3 Supplementary social security schemes.....	113
5.4 The single market.....	117
5.5 Citizenship .....	118
5.6 Mutual recognition of diplomas.....	120
<i>i) The regulated professions.....</i>	120
<i>ii) Non-regulated professions.....</i>	123
5.7 EURES and the role of Euroadvisers.....	124
5.8 The Posting of Workers initiative .....	126
5.9 The High Level Panel.....	129
<i>i) The Citizens First campaign.....</i>	131
5.10 Fiscal barriers.....	132
5.11 The abolition of border controls and the Schengen Accords .....	134
5.12 Concluding remarks .....	135
<i>i) The remaining obstacles to intra-European mobility.....</i>	136

## **Chapter 6 French and British migration statistics..... 140**

6.0 Introduction.....	140
<i>i) Initial assumptions.....</i>	142
<i>ii) Definitions .....</i>	143
6.1 French and British employment profiles.....	143
6.2 The migration of French and British nationals within the EC .....	146
<i>i) EC migratory flows.....</i>	147
<i>ii) Flows of highly skilled/professional workers .....</i>	147
6.3 French migration .....	151
<i>i) French migration to the UK .....</i>	151

ii) <i>French population in the 1981 &amp; 1991 UK censuses</i> .....	153
6.4 French nationals in employment in the UK .....	156
i) <i>Age groups</i> .....	156
ii) <i>Industry</i> .....	157
iii) <i>Socio-economic groups</i> .....	158
6.5 British migration .....	161
i) <i>Numbers of British in France</i> .....	162
ii) <i>British population in the 1982 &amp; 1990 French censuses</i> .....	163
6.6 British nationals in employment in France .....	164
6.7 Concluding remarks .....	166
 <b>Chapter 7 The demand and supply of mobility in companies</b> .....	169
 7.0 Introduction .....	169
7.1 Methodology .....	170
 <b>Part One: The postal survey</b> .....	175
 7.2 Questionnaire measures .....	175
7.3 Tables of results .....	176
7.4 Comments on the results .....	178
7.5 Concluding remarks .....	182
 <b>Part Two: Company profiles</b> .....	184
 7.6 Introduction.....	184
i) <i>Companies interviewed</i> .....	184
ii) <i>Aims and questions</i> .....	185
iii) <i>Definitions</i> .....	185
7.7 Company A profile.....	186
7.8 Company B profile.....	189

7.9 Company C profile.....	193
7.10 Company D profile.....	196
7.11 Company E profile .....	198
7.12 Company F profile .....	201
7.13 Company G profile.....	204
7.14 Company H profile.....	207
7.15 Company I profile .....	211
7.16 Company J profile .....	214

### **Part Three: Individuals' experiences of international assignment ..... 217**

7.17 Introduction.....	217
7.18 Philippe .....	218
7.19 Donald.....	221
7.20 Alan.....	225
7.21 Postal questionnaires.....	229
7.22 Concluding remarks on employee mobility .....	236

### **Chapter 8 Conclusions from the company and individual research..... 239**

8.0 Introduction.....	239
8.1 Which workers are mobile? .....	240
<i>i) Numbers of internationally mobile workers .....</i>	<i>240</i>
<i>ii) Categories of mobile worker .....</i>	<i>241</i>
<i>iii) Domestic circumstances .....</i>	<i>243</i>
8.2 Purpose and duration of assignment .....	244
<i>i) Duration.....</i>	<i>244</i>
<i>ii) Purpose.....</i>	<i>245</i>
8.3 Mobility packages .....	248
<i>i) Current thinking behind policy.....</i>	<i>248</i>
<i>ii) One group - one package.....</i>	<i>249</i>

iii) <i>What policies provide</i> .....	251
8.4 The importance of mobility.....	253
i) <i>Measures to encourage mobility</i> .....	253
ii) <i>Stages of internationalisation</i> .....	254
iii) <i>Other reasons to promote mobility</i> .....	257
8.5 The difficulties in relocating employees .....	258
i) <i>Administrative/technical difficulties</i> .....	259
ii) <i>Human resource management difficulties</i> .....	260
8.6 The effects of the SEM on company mobility policy .....	265
8.7 What would companies like to see the EU doing?.....	267
8.8 Suggestions for good company practice .....	269
8.9 Concluding remarks .....	272
 <b>Chapter 9 Conclusion</b> .....	 275
9.0 Central questions.....	275
9.1 Findings and further issues .....	277
 <b>Bibliography</b> .....	 284

## **List of appendices**

<b>Appendix 1</b>	Principle measures taken to ensure the free movement of workers .....	301
<b>Appendix 2</b>	Distribution of Euroadvisers by country .....	303
<b>Appendix 3</b>	Case study companies .....	304
<b>Appendix 4</b>	Companies K and L .....	305
<b>Appendix 5</b>	International mobility policy .....	306



## **List of tables and figures**

### **Tables**

Table 1 Cross-border acquisitions.....	24
Table 2 Low and high status migrants .....	58
Table 3 Total population of British and French citizens on 1 January 1993 .....	144
Table 4 Total civilian employment in France and the UK.....	144
Table 5 Part-time employees in France and the UK .....	145
Table 6 1997 Unemployment rates in France and the UK.....	146
Table 7 EC and non-EC migrants in France and the UK compared to total population.	147
Table 8 UK international migration by usual occupation .....	148
Table 9 Migration between the UK and France: usual occupation prior to migration by citizenship 1984-1993 .....	150
Table 10 French citizens registered and exempt from registration and estimation of the non-registered (French Consulate).....	152
Table 11 The 1981 UK census (French citizens) .....	154
Table 12 The 1991 UK census (French citizens) .....	155
Table 13 French people working in the UK in 1991.....	157
Table 14 Socio-economic groups of French workers in the UK in 1991.....	160
Table 15 The 1982 French census (British citizens).....	163
Table 16 The 1990 French census (British citizens).....	164
Table 17 British people working in France in 1990.....	165
Table 18 British people working in France in 1989.....	165
Table 19 Company mobility commitment levels.....	256

### **Figures**

Figure 1 France - trade with the UK .....	25
Figure 2 Britain - trade with France .....	26
Figure 3 1991 French population in employment in the UK .....	157
Figure 4 1991 Employment of French in the UK by sector.....	158

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## **1. Introduction**

This study examines the pan-European mobility of highly skilled and professional EU workers since the time of the creation of the Single European Market. It aims in particular to focus on the mobility of French and British workers to establish exactly what is meant by highly skilled migration and to place this migration within the framework of both corporate transfers and independent moves by individuals. In addition, research was carried out in a number of international companies which provides new data on the corporate demand for mobility from staff.

The migration of the highly skilled worker is of considerable importance to companies and to national economies as a whole. Indeed, some authors have already raised the issue of the impact of this type of migration on host states. The importance of the mobility of this group of migrants can be seen by the way in which the rules on free movement have been implemented in member states. For instance, while the SEM was implemented by member states with on the whole relatively little opposition, assuring free movement rights for EU citizens has been rather more of a 'hot potato' for national governments.

The free movement of EU citizens touches upon national interests. It affects national economies, it has a potential effect on issues such as housing, education, integration, the fiscal and social security regimes, social cohesion and national citizenship. When mobility concerns highly skilled and well educated workers, the issue is likely to be even more sensitive. National economies need highly skilled (and generally most highly paid) workers for their own competitiveness and prosperity. Note, for instance, the highly publicised and much feared 'brain drain' effect that was for a while never far from the headlines. Furthermore, it has been pointed out that the demand in future is going to be increasingly for these types of workers (particularly those in science, engineering, technical and teaching professions) (Coleman, 1992).

Creating the conditions for the free movement of people has been central to the European Community since the signing of the Treaty of Rome, but it was given added impetus by

the Single Market Project. Cecchini's (1988) evaluation of the economic benefits of creating a borderless internal trading place within the member states depended on the free movement of the four factors of production within this area. In the approach to 1992, much attention was given to the consequences of the SEM for the free movement of European workers and a number of observers pointed out that the project would mean a large rise in the number of European migrant workers, particularly the highly skilled. With hindsight, it can be seen that these expectations did not fully materialise. However, this is not to say that the SEM has had no effect on the mobility of the highly skilled. There is an important link between the economic climate that has been created by the establishment of the SEM, the 'global' business environment in which major companies are operating across national borders, and the international mobility of highly skilled workers. These links, and the impact that they have on highly skilled mobility, are central to this study and will be fully explored along with other issues relating to highly skilled mobility for individuals, companies and member states.

Migration studies often use the terms 'demand' and 'supply' of labour and much of the work in this field has tended to concentrate on the movements of large numbers of unskilled workers which were a feature of the 'Fordist' production systems. Put simply, these types of production systems needed a large supply of unskilled or semi-skilled labour. However, changes in production systems and notably the end of 'Fordism' (Teague, 1991) have led to the emergence of a new global world economy. Large scale movements of unskilled labour have now largely dried up and have come to be recognised as the more traditional forms of migration. In this new era, the corporate world is relying increasingly on new technology and systems of production and as a result has an increasing need for highly skilled workers rather than unskilled workers.

The European Commission and other observers have noted that on the supply side, unskilled workers themselves in any member state are now far less likely than before to seek work in another member state. This is the result of a combination of the decreasing need for such workers in the more developed countries and the improvement in the living and working conditions in the traditional 'sender' countries (usually described in terms of 'push' and 'pull' effects). Some authors have stated that in the 'push/pull' terms used

above, migration is only likely to take place when both push and pull factors are in operation. Thus, the relatively high and similar levels of unemployment across the EU states, along with the levelling off of living standards, have removed some of the formerly powerful pull and push incentives which led in the past to many southern European workers seeking to exploit the work opportunities in the North (Salt, 1992b)

In the late 1980s, the European Commission identified highly skilled and professional migrants as becoming increasingly important in terms of international migration flows. It stated that, "*Massive movements of unskilled labour are increasingly giving way to 'fluid exchanges' of skilled persons moving about all over the Community*" (Commission, 1988a, 18). The Commission noted that these 'skilled persons' were most likely to be highly skilled workers in the professional and managerial occupations and were likely to be mobile within an employing organisation's internal labour market. Similarly, the Foundation for the Improvement of Living and Working Conditions identified four areas of international mobility which it believed were likely to be increasingly significant in relation to the Internal Market which included new EU professional migrants, cross-frontier commuters, unskilled workers and third country (mainly illegal) migrants (Pickup, 1990). Thus, the consensus of opinion was that professional or highly skilled migration would be an important feature of the post-SEM economic climate.

However, there are a number of difficulties in studying the new 'fluid exchanges'. One of these stems from the paucity of data and relevant migration models. Classical migration models go into great detail to explain mass movements of workers and a number of specific definitions and approaches been developed to explain this traditional migration. However, most of these approaches are inappropriate to explain the migration of the highly skilled/professional migrant and far less attention has been paid to this migration. Part of the problem is that too much of a leap in thinking appears to have been made from traditional to new migration; the determinants of each type of migration are by their nature intrinsically different. This means that in theoretical and empirical terms what applied to the earlier mass migration of unskilled or low skilled workers will almost certainly not apply to the new flows of highly skilled and professional workers.

New models therefore need to be found which help to more fully explain the specificities of highly skilled migration.

A further difficulty in studying highly skilled migration is that the study of migration crosses into a number of different scientific disciplines and constitutes an “*unusually scattered field of study*” (Commission, 1994b, 4). The multitude of migration models and empirical studies which exist serve only to reinforce the fact that so many different approaches can result in widely differing and often incomparable findings. In the study of international movements of highly skilled people, which is a young and relatively undocumented area, this is also the case. This highlights the importance of being clear about the objectives of any migration study and the reasons for its undertaking. The task is further complicated by the lack of precise definition of the highly skilled worker. According to some observers the most general definition of this type of highly skilled or highly qualified worker is a person who holds a higher education degree or who works at at least this level by having acquired experience, but there are arguably a number of alternative definitions.

Furthermore, the studies that have been undertaken so far on skilled migration have tended to concentrate on this mobility from a purely corporate perspective (i.e. Brewster, Salt, Atkinson, Forster et al) and have not made an adequate distinction between corporate movers and independent movers. This suggests that the distinction between the corporate migrant (i.e. one who moves within the company structure but across national boundaries) and the individual mover has not been sufficiently explored. Finally, the studies have covered a wide range of topics but do not appear to have been drawn together for comparison.

At a macroeconomic level, in the post-Fordist production era, great progress in new technology has affected the spatial development of companies. Companies have undergone geographical and structural reorganisation which has led them to develop centres of specialisation and to develop new methods of working with partners and customers - what Salt has termed the ‘organic’ response (Salt, 1992a; 1992b). New company structures have been accompanied by an increasing reliance on high technology

which has necessitated the transfer of specialist staff across national boundaries. The nature of the work has led to changing patterns of international assignment and companies have had to adapt their mobility and transfer policies to take account of these changes. As far as the European Community is concerned, the creation of the Single European Market had as its aim to further boost competition throughout EU member states by eliminating barriers to trade and mobility across member states thus enabling economies of scale to be reaped and ultimately increase the welfare of all European citizens.

This study is situated within this broad framework and progresses from the viewpoint that in view of this changing environment, it is pertinent to take stock of how these developments have affected the mobility of highly skilled workers. There are a variety of issues affecting pan-European highly skilled worker mobility that have not been addressed comprehensively to date. As mentioned above, there are pockets of detailed study, but these sources of information need to be reviewed and drawn together. It was therefore deemed appropriate to undertake this review in the current study, as well as incorporating new empirical evidence to address some of the remaining questions. In addition, a closer examination is required of current policy and developments on mobility, both in terms of the EU's policy framework and company mobility policy.

Furthermore, in the light of the growing realisation that the creation of the SEM has not in fact led to waves of mobile workers seeking out better work opportunities across the EU and that, even within companies, pan-European worker mobility is limited, it is also appropriate to examine why this might be and to identify the obstacles to mobility that are relevant to this particular class of migrant for whom mobility should, at a superficial level, be relatively easy. This suggests that despite considerable progress in the field of European social policy, there are areas which are still problematic and may require further development by the EU member states.

In addressing the issues surrounding highly skilled worker mobility in a comprehensive way, it is hoped that this thesis will fulfil some of the requirements for clear and precise information on this type of migration for policy and decision makers. The Commission

and other observers have recognised that not enough is yet known about the determinants of highly skilled worker migration and have called for further research into this area. This thesis therefore addresses the pertinent policy framework issues to contribute to the basis which informs decision making within the EU. Furthermore, as much of the focus of the new research contained in this study concerns company level mobility issues, it was also intended that the results of the company case studies should be of use to companies operating internationally. In fact, this has already been the case. The company research findings were welcomed and used by Company H as part of its major review of the international assignments programme. In this respect, the company was particularly interested in points raised by the research concerning the management and preparation for international assignment. However, in feedback from the international assignments manager, it was clear that the ten company comparison was both reassuring and disturbing in that all companies seemed to be facing similar problems in international relocation but were all struggling to find solutions.

The thesis is laid out as follows. The evidence suggests that the establishment of the Single European Market sparked a number of cross-border mergers, take-overs and joint ventures. This is important to this study as increased cross-border activity and the growing globalisation of companies are providing opportunities for workers to become mobile across national borders but within a single company. The Franco-British trade context is therefore reviewed in the first part of chapter 2. In addition, as this study is concerned with the mobility of French and British workers, the chapter examines the macroeconomic framework of these countries. The second part of the chapter turns to a review of the differences in the organisation of the French and British labour markets, along with the societal and cultural differences and the organisation of the welfare systems. These factors are examined with a view to establishing how differences affect labour flows and to what extent they place obstacles in the way of Franco-British mobility. This sets out the economic and societal framework which underpins this study.

It was briefly mentioned above that the existing literature on highly skilled migration is dispersed and that traditional migration theory models may not fully explain the increasing flows of highly skilled mobility. In chapter 3, a review of the theoretical



framework is undertaken which examines existing migration models and the elements characterising highly skilled migrants are considered in order to help inform the refinement of existing models into new or more appropriate models which better account for highly skilled migration.

Chapter 4 goes on to a full review of the existing literature on corporate mobility policy and related issues. This review encompasses companies' demand for and supply of mobility. This is an area in which there exists a relatively large body of research but one that needs drawing together to form a comprehensive whole. The thinking is that a relatively large proportion of highly skilled pan-European migrants are becoming mobile within the corporate framework. This raises questions about how this mobility is managed by companies.

Chapter 5 sets out the legal and policy framework for free movement. The free movement of workers is one of the 'four freedoms' and lies at the core of the EU's social programme. The Commission believes that the free movement of labour will help to create a prosperous and stable economic environment by ensuring labour market flexibility. Chapter 5 explores the current legal and policy provisions for the free movement of workers and citizens and considers to what extent the emergence of the new group of migrants has an impact on policy implications in the EU. This chapter explains how European integration in this area has moved from being purely negative, in the early years, to positive integration which is helping to make the Union a reality rather than simply a legal possibility. The chapter goes on to look at the Commission's present efforts to overcome the existing barriers to free movement which have been recently highlighted by the High Level Panel on free movement.

In chapter 6, a statistical look is taken at Franco-British migration. It is seen in this chapter and elsewhere that the difficulty of obtaining adequate, accurate statistics on any pan-European Union flows is a problem that hinders every author working in this field of migration study. It was therefore considered important to make an attempt to address this serious gap and to gain some idea of the size of the highly skilled migrant population,

albeit on a small Franco-British scale. This provides the basis which should help to give relevance and perspective to the other study findings.

New empirical evidence gathered by the author is presented in chapter 7. Existing evidence suggests that a large proportion of the total mobility of the highly skilled is taking place within company internal labour markets (ILMs); analysis of the UK labour force surveys has shown that between a fifth and a quarter of EC nationals' mobility can be attributed to corporate transfers (Salt & Kitching, 1990). This suggests that international companies and their mobility policies are playing a vital role in determining the specificities of the mobility of a strategically and economically important group of migrants.

As corporate movers increase in number the issues surrounding such movers deserve attention. If employees are becoming mobile across Europe due to employers' demands, then this suggests that mobility is mainly the result of the demand side rather than the supply side. Further questions need to be asked: for instance, which types of company are most likely to demand mobility from their workers and why is there a need for mobility? Which workers are most likely to be affected? How does the mobility of the employee compare with that of the independent mover? Is company policy operated independently of EU measures?

In order to address these questions, the author carried out research in companies, the results of which are presented in chapter 7. This qualitative research initially took the form of a postal survey (part one, chapter 7) which was followed by depth interviews carried out within ten British and French companies. The main findings from each of these ten companies are given in part two of chapter 7. The third pillar of the triangle was completed by gathering evidence from some employees who had recently experienced international mobility with their company. Their reactions to their experience are presented and examined in part three of chapter 7.

Finally, chapter 8 compiles the company research findings in the light of existing empirical studies. The research data shows that the companies were most likely to

demand mobility from highly qualified, highly-skilled employees such as scientific specialists as well as managers and other professionals. This is found to correspond to other research evidence. At the end of this chapter some suggestions for good practice are offered to companies for the development and review of their international assignments programmes.

Though the new data gathered in the course of this research project is evidently on a small scale, it is believed that this nevertheless adds to the existing knowledge in this field of migration study. One of the important points with the new data is that the author has attempted to make the material as comprehensive as possible by talking to employees as well as to companies about their mobility experiences. Furthermore, it is hoped that the review of the existing literature will be helpful to others working in this field in the future and will contribute to the building of a comprehensive framework for the study of highly skilled migration.

## **2. French and British trade and labour markets**

### **2.0 The reasons for looking at mobility of the highly skilled**

The current consensus of opinion is that mobility in Europe is evolving in line with systems of production and that in a world increasingly dominated by global networks and high tech businesses, companies now increasingly require skilled manpower in key positions who are able to become mobile in order to maintain these new systems (Gould, 1988). This is leading to the emergence of a new class of migrant, the highly skilled worker who is internationally mobile in response to business needs for his skills. This is a view firmly endorsed by the OECD, which has noted that the migration of highly skilled workers has recently been growing in importance. This rise is attributed by OECD economists to *“the development of internal labour markets within multinational firms and the establishment by governments of an institutional framework to facilitate the international exchange of skills”* (OECD, 1996, 21). Although many observers appear to agree with this, opinions differ over whether this form of migration is a new phenomenon or one that has existed for many years.

The intra-European migration of highly skilled workers is a newly emerging type of migration that has been identified by the Commission; in reality this often translates to the exchanges and movements of highly skilled workers between existing major urban centres or to newly emerging ones, known as ‘technopoles’ (Commission, 1988b). Little systematic attention has been paid to this type of mobility, despite the fact that of a total population of 370 million, it could be potentially highly significant (Thom, 1992). The reasons for this are clear. Firstly, if one wishes to study the circulation of European citizens within the EU the information barrier is immediately encountered. Reliable statistics are very difficult to obtain on this type of movement and the researcher is obliged to make use of any existent information sources. Many of these information sources are not widely available and often include unpublished data which is costly to obtain. Many authors are obliged to rely on what unpublished material they can get hold

of. Both Findlay (1988) and Salt (1992b) used unpublished data from the International Passenger Survey.

Despite some uncertainty as to the size of the new flows of highly skilled migrants with the establishment of the SEM, it is now known that these migrants do not constitute mass waves of citizens roaming around the EU. Their movements in Europe are likely to be much more fragmented and dispersed than traditional migrant flows. However, the importance of this new migration should not be underestimated or overlooked. Though the flows of the highly skilled may be small, the characteristics of these migrants mean that their mobility has far reaching implications for decision and policy makers, companies and the wider social infrastructure. Gould has noted importantly, that this relatively small number of highly skilled migrants “*are everywhere of disproportionately large economic significance*” (Gould, 1988, 383; see also Salt, 1992b). Policy makers need to be aware of the development of this new class of migrant in order to make meaningful policy decisions.

It was briefly suggested in the introduction that much of the mobility of the highly skilled is currently taking place within the internal labour markets of major companies. Bearing in mind that there may be potentially detrimental effects as well as positive ones of mobility, it is of great importance that this type of mobility is managed correctly both by companies and by member states’ governments. It has been suggested that where the highly skilled are mobile through their existing employer, national policy makers have left responsibility for this migration in the hands of the employing organisations, and have preferred not to legislate or ‘interfere’ in an area of mobility that is already being ‘taken care of’ in this way (Salt, 1990).

It may be that this group of highly skilled migrants has simply been overlooked as it is not considered to be ‘problematic’. The characteristics of these high status migrants (discussed in detail below) mean that they do not generally remain in the host country for long, and their high income status ensures that they do not become a burden on the local purse strings. Read (1991, 41) noted that “*the social costs of large-scale migration tend to be relatively high, particularly during a recession. Smaller-scale labour flows,*

*particularly among professionals and the highly skilled are unlikely to generate such costs”.*

The study of population migration is a relatively young, but complex field with a multitude of disciplines. However, whereas traditional migration flows could arguably be more easily focused within specific disciplines, the factors that need to be considered in relation to the migration of highly skilled workers cannot be adequately examined within a single framework (Commission, 1994b). It is for this reason that most of the studies that have been carried out so far have been completed largely in isolation from one another. Our understanding of the ‘new’ migration within the EU is still only partial and as Salt (1988, 391) points out, *“resembles a snowy landscape after a long thaw”*. The migration of the highly skilled under study here is determined by factors such as company policy towards expansion and establishment in new locations, the career path of the individual worker, education and personal attitude to mobility. These contrast sharply with the factors associated with the mobility of traditional migrants which include the desire to escape unemployment and seek better social protection. As a result of a greater complexity of factors, the study of this migration potentially crosses over into a number of academic disciplines including geography, management, economics, and the social sciences.

All of these issues suggest that it is important to look in more depth at pan-European highly skilled migration. In the attempt to find the missing link between what is known about established migration flows and the smaller, more fragmented group of highly skilled pan-European migration, this chapter firstly sets out the Franco-British background to migration by looking at company and trade activity before going on to compare the British and French labour markets and how differences in the structure of these labour markets may have an effect on British-French migration.

## **2.1 Cross-border company activity in the SEM**

The steps to foster closer co-operation in both economic and social terms have been taken within the framework of the SEM. Observers have noted that in recent decades there has

been an increase in cross-border company activity and that this has been prompted by, or at least coincided with, closer integration of European economies (Porter, 1990).

The European Commission has recently compiled a report on the effectiveness of the SEM based on a two year survey. In its report, the Commission notes that when studying the effects of the SEM it is not easy to define cause and effect relationships and thereby isolate the effectiveness of Community action on competitiveness as opposed to other influences. Nevertheless the report concludes that the SEM has made a significant economic contribution in terms of growth, competitiveness and employment in the EC. It states for instance, that the SEM has already created between 300,000 and 900,000 new jobs, has helped to lower inflation rates by between 1% and 1.5% and has boosted intra-EU manufacturing trade by 20-30% (Commission, 1997a). The survey findings also include the fact that mergers and acquisitions in the EU tripled between 1986 and 1995 (from 1503 to 4899 per year). Two thirds of these were domestic, indicating that restructuring is taking place at the national level, although the Commission notes that cross-border mergers and acquisitions have also been on the increase recently.

Broadly speaking this view is reinforced by other observers, *"The existence of the European Community has been associated with a considerable expansion of trade within the EC, which far exceeded the growth of trade outside the EC"* (White, 1984, 177). This point is supported by Mayrhofer who notes that European firms have a special interest in strategic alliances with firms from other member states and that French and British firms in particular are *"the most active of the Europeans in forming alliances"* (Mayrhofer, 1997, 1).

Others, while agreeing with this statement, have pointed out that close economic co-operation may demand a price in terms of linking partners who may otherwise have differing social dynamics or foreign policy objectives (Lesourne, 1984). Although the aim of the SEM is to unify member states' overall policy objectives, even member states within the Union occasionally aim to improve the economic situation at home at the cost of their European partners (for example, the widely publicised cases of the UK's attempts to attract Nissan to Wales; Hoover closing its factory in Longvic (France) in favour of

Cambuslang in Scotland [EIRR, 1993]). Other observers have been critical of this “static and Eurocentric view of the world” (Porter, 1990, 26), noting that mergers, joint ventures and other company co-operation to gain efficiencies of scale only make ‘static efficiencies’ while competition is the real answer to innovation and therefore to helping European companies compete successfully both within and outside Europe.

Notwithstanding these arguments, as far as the UK is concerned, the percentage of ‘exports’ to the EC has risen from 22% in 1960 to 50% in 1987 and UK business is continuing the process of integration with the EC (IDS/IPM, 1988). (In fact the terms ‘exports’ and ‘imports’ are now described as the ‘supply and acquisition of goods and services’ [DTI, 1993]). Furthermore, a large percentage of British export is to France, which after Germany is the UK’s largest export market accounting for more than 11% of total UK exports (DTI, 1994).

**Table 1 Cross-border acquisitions 1984-1988** (aggregate number of acquisitions)

Nationality of acquirer	Nationality of acquired	
<b>France</b>	North America	236
	UK	124
	W. Germany	121
	Italy	89
<b>UK</b>	North America	1098
	W. Germany	182
	France	144
	Netherlands	87

Source: Cosh & Hughes, 1992.

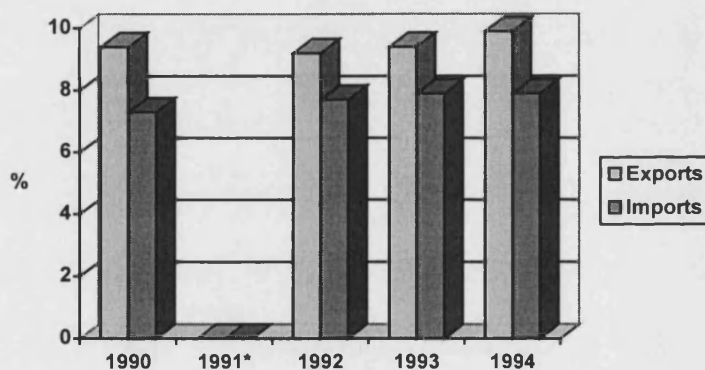
One of the particular difficulties in assessing cross-border trade in the EU is the lack of satisfactory data sources (as will be seen elsewhere in this thesis for other types of cross-border movement). However, table 1 above gives some indication of Franco-British cross-border activity showing British and French foreign investment by number of acquisitions. This shows that “cross-border acquisition has become a significant feature of the European scene” (Cosh & Hughes, 1992, 10). The four largest investment



destination countries are shown for both Britain and France. On a purely Franco-British company level, Mayrhofer (1997) found that the number of strategic alliances between French and British companies decreased from 39 in 1989 to 13 in 1992, though she suggests that this reduction is part of a general trend and is unclear to what extent the SEM would affect Franco-British alliances after 1993.

Limited information on Franco-British trade is also made available by the French Chamber of Commerce in the UK. This information is shown in figure 1. France is the UK's third largest export market taking 10% of UK exports in 1995. This amounts to trade worth £15.1 billion. In the same year French exports to the UK reached £16.1 billion. The percentages shown in figures 1 and 2 are the total imports/ exports between Britain and France as a percentage of each country's worldwide imports and exports.

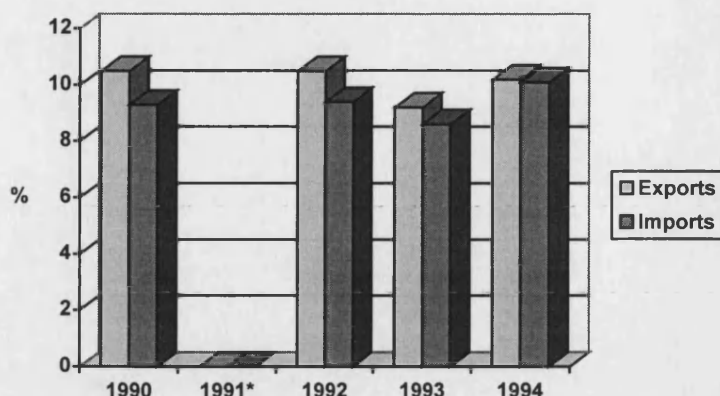
Figure 1 **France - trade with the UK**



Source: Franco-British Trade Directory 1991-1995

\* Figures not available for 1991.

Figure 2 Britain - trade with France



Source: Franco-British Trade Directory 1991-1995

\* Figures not available for 1991.

The graphs show that Franco-British trade remained fairly stable over the period 1990-1994. In France, of total worldwide imports and exports, exports to the UK rose slightly from 9.4% in 1990 to 9.9% in 1994. Imports from the UK remained virtually stable during this period rising by only 0.6%. From the UK perspective, exports to France accounted for 10.5% of all exports and remained stable over the period with a slight drop in 1993 while imports from France followed the same pattern remaining stable with a slight decrease in 1993 but rising again in 1994.

These figures show that France and Britain have important trade links which appear to have grown in importance since the Single Market project has been put into place. Furthermore, there is some evidence that this Franco-British cross-border trade and co-operation is set to grow further since the creation of the Channel tunnel has improved access and transport links, particularly in the Kent-Nord Pas de Calais region. This ease of access means that French and British companies are now more likely than before to look to their neighbour for trade opportunities. A recent article outlined the potential for this cross-border company movement stating that in the single year up to November 1997, a total of five French companies had set up in Kent while twelve British ones had been attracted to Nord Pas de Calais (*Financial Times*, 20/11/97, IX). Moreover, the general interest in this Euroregion has recently been growing (*Financial Times*, 16/4/97,

12). However, companies setting up operations in their neighbouring country do not necessarily transfer the whole undertaking to this country. This means that staff in these companies, as in other larger joint venture or multinational employers, need to become mobile across borders in order to set up new businesses or to provide local support to staff. As we shall see in later chapters, this is an important source of worker international mobility between France and Britain.

## **2.2 Franco-British labour market differentiation**

Although the European community is working towards the establishment of a truly open internal trading place, it is not yet clear to what extent individual member states' labour markets will also converge. Studies carried out into the differences between European labour markets tend to conclude that although European economies are generally faced with similar economic constraints, their labour markets are nonetheless differentiated. In other words, it is not a foregone conclusion that labour markets will simply converge around a 'European' model and thereby allow the full and free movement of labour to wherever it is most productive according to classical trade theory. In the following sections we will look at British and French employment and labour markets, social policy and culture in order to establish differences in these macroeconomic factors between France and Britain.

### **i) The 'societal effect' approach**

One way of looking at the differentiation of EU member states' labour markets is called the 'societal effect approach'. This is a way of looking at industrial relations and how they are influenced and related to events and structures in other areas of national life such as vocational training, education, work organisation, the legal system and so on. This theory suggests that national labour markets are differentiated from each other because they each form part of a country (society) which has its own structures specific to that society (such as laws, customs etc.) as well as other more universal factors which apply to every country in the same way (such as economic, technological and organisational factors) (Sorge, 1995).

Taking the results from a comparative study of companies and social institutions in France, Germany and Great Britain, Sorge indicates that there are a number of major differences in the way companies of similar size, industry, technology and product are structured and managed between these three countries. For example, taking only Britain and France into consideration, it was noted in the study that there were significant differences in the number of manual workers in British and French companies despite the fact that the companies studied were of a very similar nature and producing a similar product. These findings were explained by differences in job classification, different divisions of labour and a difference in the ratio of hierarchical positions to manual workers.

In Britain, for instance, Sorge noted that managers are most likely to be generalists with an administrative and financial approach rather than a technical one. There is also a sharp difference between managers and specialists and a strict division between management and non-management jobs and careers. Furthermore, differences in the educational systems in Britain and France mean that in the UK technical training programmes are generally considered to be inferior to financial or commercial management programmes and as a result the position of engineer tends to have a lower status and be less well paid than comparable positions in finance or management. It was also found that the number of apprenticeship schemes in Britain is relatively small and decreasing and the number of employees without any formal training is quite high in comparison to France (the difference was even more marked in comparison to Germany).

In France, companies were generally found to be organised along more formal, hierarchical and bureaucratic lines with formal rules and a more autocratic approach to management. Despite the potentially negative consequences of this type of structure, French companies were found to offer good opportunities for promotion because companies tend to be broad at the top and have more administrative, supervisory and technical positions than the UK. In other words, although there is less individual freedom for workers in France than in the UK, French companies offer a wider promotional ladder for those wishing to climb it. As far as training and education is

concerned, Sorge found that in contrast to the UK, French engineers enjoy a much higher status both at work and outside and that the status of the training establishment they attended is paramount. A further difference is that in France, education and training always precede the start of a career.

The company structure in any country is largely determined by factors such as size of the organisation, the type of product or the level of technology used in its processes. However, the societal effect approach nevertheless shows how historical, political and cultural developments combine to have an effect on national systems of training and production which contribute to making national organisations different from one another despite similar economic conditions.

#### ii) 'Internal' versus 'professional' labour markets

Taking a more focused approach, other observers have found differences between member states' national economies when looking at the types of labour market most prevalent in national economies. Marsden's work on companies' labour markets also highlights differences between the French and British labour markets. Marsden (1990) identifies two types of labour market structure which he calls the 'internal labour market' and the 'occupational labour market'. According to these models, an internal labour market exists when an employer regularly seeks to fill vacancies in the company internally, i.e. from among existing employees. An occupational labour market, in contrast, is one in which workers have access to a similar job in a number of firms, suggesting that there is a high degree of skill standardisation and an equivalent standardisation of job vacancies so that mobility of skilled labour between firms should be possible. Marsden provides empirical evidence which suggests that occupational labour markets are more prevalent in industry in Britain and internal labour markets are more prevalent in industry in France, basing his results on a set of 'indicators' including age of employees, length of service, job classification and industrial training systems (see also Bertrand, 1991).

One of the indicators used in this study is the 'labour mobility indicator'. This suggests that of those skilled workers who changed employer between 1983 and 1984, in Britain only 18% moved to semi-skilled or unskilled positions in their new firms while of those moving jobs over the same period in France, 27% moved to semi-skilled or unskilled positions. The fact that fewer workers accepted a skill 'demotion' in the UK suggests the existence of an occupational labour market where skills are largely transferable and workers are thus able to move to a new employer and continue in their chosen profession. In France however, the more widespread existence of internal labour markets means that skilled workers wishing to change employers are more likely to have to accept downgrading, at least until the worker has become established in the internal labour market of the new employer (Marsden, 1990). The reasons for the development of different types of labour market in France and Britain are linked to the historical development of industry and training in these countries and in this respect echo the societal effect discussed above.

It is not the intention here to enter into a lengthy discussion about the relative merits of one system over another. It is simply important to note that in the context of the free movement of skilled workers between France and the UK, the existence of different types of labour market in France and Britain could constitute an additional barrier for those nationals of either country wishing to work in the other country. For those working in internal labour markets, they may find that their skills, according to Marsden's model, may not be recognised or easily transferable to companies which operate within occupational labour markets and workers wishing to make this transition may be obliged to accept lower graded positions in order to obtain work. There may be similar difficulties for those wishing to go from an occupational labour market into internal labour market in terms of the recognition of skills and qualifications.

This suggests that work at the EU level on the comparability and recognition of qualifications may not be enough to allow skilled and highly skilled workers to circulate freely between France and the UK (and other member states). While the EU level approach is helpful, it does not address a more fundamental issue raised by the preceding discussion; namely that in countries where internal labour markets dominate (such as

France and Italy), even companies operating on a purely national basis may not recognise workers skills which will pose obstacles to the mobility of workers between enterprises even within a single nation (Marsden, 1993). When one considers these obstacles to mobility within a single nation, the additional difficulties that are encountered when a worker is mobile on an international level are thus evident.

However, there is one phenomenon which may be serving to promote the international mobility of highly skilled workers. This is the establishment of cross-border internal labour markets (ILMs) such as those seen in the companies studied in chapter 7. ILMs tend to be observed in multi-locational (usually multinational) enterprises and suggest that these companies are providing a single internal labour market (ILM) which stretches across more than one country. Workers then become mobile within these international ILMs through the company demand for mobility or by applying for jobs or transfers. For many observers, this is an important factor in the international mobility of workers which has been given added impetus by the Single Market project. However, as we will see later, companies tend to promote the international mobility of certain types of worker so that not all employees are equally exposed to mobility.

### **2.3 Social security provision**

In addition to the differences discussed above with regard to labour markets and societal differences between France and the UK, these two countries have developed equally differently with regard to their welfare systems. Before proceeding to an examination of the differences between France and the UK, we will review the broad policy issues implicated in any review of social security provision in EU member states.

The debate around harmonisation or co-ordination of social security provision is a sensitive area for European member states and has raged for as long as European integration has been on the political agenda. The initial discussion centres on social policy and the level at which social policy should be determined. Leibfried and Pierson (1995) have pointed out that social policy has been a particularly sensitive issue in the EU because it is closely tied to the political national framework. Politicians, they argue,

see social policy as an ‘instrument of statecraft’ and use it to serve national political priorities and interests. Leibfried and Pierson (1995, 21) believe that, *“In a multitiered system, the political attractiveness of providing social benefits is a source of potential conflict among competing centers of authority”*. This is a view that helps to explain why national political actors have been protective of their right to determine national social policy and the reasons for the slow progress made in this field at an EU level, though closer economic and political integration in the EU is undoubtedly eroding national competencies in decision making.

According to Leibfried and Pierson, the social dumping argument is a clear illustration of the deeply embedded differences in the way social policy is viewed across EU member states. They note that for those states with extensive social protection, central intervention is the preferred way to address EU level approaches, while states with less protection are more likely to dismiss concerns about competitive deregulation (social dumping) and feel justified that they are attracting inward investment. It is clear from the highly publicised cases of social dumping (eg the Hoover affair) that member states disagree at a fundamental level over the level, content and centre of decision making of social regulation.

In a more theoretical examination of the issue Petersen (1991), broadly supports these assertions, arguing that the Commission’s desire to develop ‘a Community platform’ for decision making on social policy is based on the standard economic theory of federalism. He notes that -

*“Social security arrangements imply interpersonal and intragenerational redistribution, because they have no actuarial basis. Substantial inter-jurisdictional differentials in redistributive policies might be a distorting locational factor, and by inducing population movement might prove self-defeating. The power of any government to extract income coercively from a person is inversely related to the locational alternatives available to that person. This means that the redistributive capacity is increased by obstacles to mobility”* (Petersen, 1991, 509).



This theory proposes that as larger jurisdictional areas place greater obstacles in the way of mobility, the power to enforce redistributive programmes is held by higher level government. In a federal state, decision making therefore rests with the federal government and in non-federal states it rests with national governments. Following this theory, if these conditions applied in the EU then it would be a justification for social security decision making to sit at Community level. In reality however, the EU labour market is still fragmented and contains many cultural, linguistic and social differences. If the distributional capacity of social security rests on the acceptance of individuals to accept the burdens of such a policy, then the existing differences between EU member states mean that individuals are unlikely to accept the burdens which will result from integration and from having an EU level decision making in these matters.

Furthermore, each member state has developed its policies based on its own particular historical, social and economic framework. The most pessimistic view is that social policy in most areas of national provision is already so highly regulated and closely guarded with such widely varying levels and methods of social protection that any meaningful integration is likely to be highly problematic, if not impossible. The only approach that is therefore likely to work is to adopt the lowest common denominator as the minimum basic protection, but as is seen in chapter 5, this approach is unlikely to be of any great benefit to the majority of EU citizens. In addition, even if the political will could be found, there are limited resources at EU level to implement any ambitious initiatives in the field of social policy – this places a reliance on national structures.

These national structures are based on different models so that the whole system from policy making to the actual nature and level of welfare provision are founded on divergent assumptions. This basis on differing models has led to highly individual welfare states in most of the EU member states, but though there are some basic similarities between systems based on the same model, this is not the case for the French and British systems which are based on two different models.

The French welfare system is based on the ‘continental’ insurance model. This was the model used by all six of the founder members of the EEC. Hantrais (1995) notes that this

model originated in Bismarckian Germany and can be described as the 'Bismarckian statist corporatist model'. This model guarantees workers benefits and a substitute income related to their previous earnings through a contractual insurance scheme. It is based on the assumption that employment qualifies individuals for welfare benefits as well as wages, and that benefits are funded primarily (though not necessarily exclusively) by employer and employee contributions as part of labour costs. In France, this has translated into high employer contributions – more than 50% of income for social spending is derived from employer contributions, with employees contributing less than a quarter and a very small proportion from the State (the lowest State contribution in the EU).

France has several statutory social security schemes, including a general scheme for all employees in industry and the service sector (except civil servants) and different occupational schemes. Three separate funds under state supervision cover sickness, family allowances/benefits and old age pensions. Unemployment funds do not fall within the general social security scheme but are administered by representatives of employers and employees. *Sociétés mutuelles* (friendly societies) offer more generous benefits to their members which enable them for example, to be reimbursed at a higher rate for medical expenses. Social assistance, organised at local level, is mainly covered by the *revenu minimum d'insertion (RMI)* which is a scheme to help reintegrate certain categories of the poor into the workforce. Other schemes provide for other categories of disadvantaged people. In the 1980s, French spending on social protection rose placing France amongst the member states with the highest levels of expenditure on social protection in relation to GDP (Hantrais, 1995).

The British welfare system is based on the citizenship or welfare model. In the UK this relates to the model developed by Beveridge which allows for the right to a pension, health care and family allowances to be granted based on social citizenship. The implication is that employment provides a living wage whereas welfare benefits are distributed through taxation to all citizens on equal terms whatever their employment status. This model is distinguished from the 'continental' model by its preference for fiscal resources and the universal provision of health care rather than insurance

contributions and income-related benefits. In the UK, the aim has been to ensure subsistence by providing low flat-rate payments or means-tested social assistance.

The UK social security system includes contributory benefits based on the insurance principle, universal non-contributory benefits for certain areas and means-tested benefits in the form of income support and family credit. Central government administers the benefit system and health care but responsibility is delegated to regional and local level with almost no involvement from employers' and employees' representatives. Contributory benefits are almost entirely covered from employer and employee contributions while child benefit is completely funded from taxation. Medical care is provided for the whole population through the National Health Service which is almost entirely state funded. The state is the main contributor to social protection and employers contribute less than a quarter and employees less than 15%. In the early 1990s, the UK devoted less than a quarter of its GDP to spending on social protection.

While national structures for social protection have evolved differently, the problems that are now faced by EU member states are quite similar. Brewster and Teague (1989) point out that the problems include firstly, an aging population which puts strain on the operation and financing of social security systems; secondly the need to fund persistent and high levels of unemployment is faced by all member states; and finally, the emergence of new types of poor, including the emergence of single parents on a far greater scale than could have been envisaged, are all factors affecting member states' social security systems.

This discussion of the French and British models of social protection highlight the enormity of the Commission's task to co-ordinate social protection for migrant workers across all EU member states. However, since the formation of the EEC, it has been recognised that without some attempt to reconcile the different systems, labour migration would not be possible. The progress in this area is discussed further in chapter 5. In relation to highly skilled labour migration however, the issue is much more likely to be concerned with supplementary schemes, including supplementary pensions. In relation to a move from the UK to France for example, workers have not been allowed under UK

law to continue paying into their home based supplementary schemes and once employed in France are obliged to ‘freeze’ their UK home scheme and join a French scheme. This has been seen to penalise the migrant worker in relation to workers who remain employed in the home country. There are also cost implications for employers who post workers abroad, as they are unable to claim tax relief for a worker in a foreign pension system. This is an area that the Commission has highlighted as one that needs further consideration and has been the focus of much debate in recent times (see section 5.3). As yet however, it remains a largely unresolved issue.

## **2.4 The effects of culture on pan-European mobility**

In the preceding discussions, attention has been paid to the differences between the British and French labour markets, societal differences and social welfare models. However, the discussion would not be complete without some attention to culture differences across Europe.

The debate over whether culture differences have an impact on the worker migrating across Europe has raged for decades. However, with the moves towards ever closer European integration in recent times, the question has been raised over whether culture differences are now great enough to have any impact at all. The first difficulty is how to define culture. Finding a common and agreed definition of what culture is has itself been problematic and has been the subject of a good deal of analysis. In a comprehensive summary of the literature, Dunne (1993) has addressed this problem and provides some insight into the definitions that have been drawn up. As one of the most influential authors on cultural issues in recent times, Hofstede’s (1982) definition of culture may be the most appropriate to adopt here. Hofstede defines culture as “*the collective programming of the mind that distinguishes the members of one group or category of humans from another*” (Hofstede, 1982, 54).

As cultural differences are, by their very nature, an intangible concept it has been easy for sceptics to write off culture differences. A ‘middle’ view has been expressed by Markóczy (1996). She does not deny altogether the existence of culture differences, but

finds that they are often overemphasised as it is very easy to hang onto the 'cultural difference' peg differences which are actually explicable in other ways, to the extent that people will treat identical behaviour differently when it comes from people from different nationalities. Furthermore, she notes that in many of the culture studies (particularly as regards management tomes) often very little attention is paid to the importance of the differences identified.

Markóczy notes that within a multinational organisation where people from different nationalities work together, it has been found that in some circumstances (for example, the strategic reorganisation of the company following an acquisition) people working within particular functions of the organisation (such as marketing or R&D) may be more likely to share goals and beliefs about the success of the business than people of the same nationality but across functional areas. Furthermore, she notes that societal differences i.e. differences in the way things are done between societies, can often be construed as deep rooted cultural differences rather than being seen as the habits of one particular culture. In this respect, her argument is similar to the societal effect approach discussed earlier.

At this point, a distinction must be made between national and organisational/corporate culture as what is implied is somewhat different. Olie (1995, 316) suggests –

*“When we depict culture as an onion, the outer layers are the organizational culture. The organizational culture is embodied in symbols, rituals and heroes...National culture, in contrast, relates to the more central layers. Values represent this side of the spectrum: they are feelings of right and wrong, good and evil, beautiful and ugly, rational and irrational. It is believed that these values are already acquired in early childhood and are resistant to change in later years. National cultural values are more part of ourselves than we usually realize. As with an iceberg most of it remains under the surface; organizational cultures refer more to the elements that can be seen instead.”*

One of the most influential pieces of research into organisational culture differences was undertaken by Hofstede (1980) who is principally known for a major piece of research published in 1980 which focused on the study of national culture throughout the IBM

organisation in 50 countries. In this pioneering work, Hofstede looks at national cultures from an organisational perspective. He states that 'national differences in mental programming' have become increasingly important as the international aspect of activities has become more pronounced, through all types of international co-operation agreements and through the globalisation of business activity such as that undertaken by multinational companies. Hofstede (1980) measured differences between countries using four indexes and allocating scores according to indexes with 0 being the lowest score. In view of the importance and influence of Hofstede's work on the thinking on organisational culture and its relevance to the current study, Hofstede's indexes and the scores for France and Britain, the two countries which are the main focus of this study, are discussed below. Hofstede devised four categories for the examination of organisational culture which he called the Power Distance Index (PDI), the Uncertainty Avoidance Index (UA), the Individualism Index and the Masculinity Index. These categories are outlined below.

i) The Power Distance Index (PDI)

Large Power Distance societies are those in which the hierarchy of inequality has become the fundamental principle on which all common relations are based. In contrast, Small Power Distance societies believe that inequality is undesirable and try to reduce it wherever possible. In organisations, this relates to the degree of centralisation of power which in large PDI organisations is held by only a few people. The assumption is also however, that in these organisations, the 'members' are willing to accept and even depend on this unequal distribution of power. In low PDI organisations, the emphasis is far more on equality and the earning of respect. Hofstede's analysis of this factor showed that France scored quite highly on this index (68), while Britain scored relatively low (35).

ii) The Uncertainty Avoidance Index (UA)

Hofstede defines Uncertainty Avoidance as the extent to which members of a society deal

with the uncertainty of the future i.e. the unknown. In Weak Uncertainty Avoidance countries, people will be able to accept uncertainty and will take risks more easily. They will be relatively more tolerant of behaviours and opinions different from their own and cope better with disorganisation and lack of rules. In Stronger UA countries the opposite is true; with a higher level of anxiety and greater nervousness in the face of uncertainty. In organisational terms, Strong UA means a high level of rules governing the employer-employee relationship whereas in Low UA it is felt better to establish rules only where it is absolutely essential (i.e. for health and safety. Hofstede found Weak UA in Britain (35) but relatively Strong UA in France (86).

### iii) The Individualism Index

There are two poles: individualism versus collectivism. Individualism is applied to societies in which ties between individuals are loose, people are expected to look after themselves and their immediate family. In collectivist societies, on the other hand, people are closely integrated into groups which, in return for their loyalty, will protect them. Hofstede found that this dimension is relatively important to management as it provides the base on which tasks are performed and monitored. In individualistic societies (such as Britain's) the task becomes more important than relationships and so in performing tasks, employees expect to be directed and appraised on an individual basis. Interestingly, Hofstede found that a strong correlation existed between individualism and wealth, with wealthy countries having a high index score. Britain was found to be among the most individualist countries (89) while France was slightly less so (71).

### iv) The Masculinity Index

This stems from the biological differences of male and female and into the division of roles between the sexes in society. Thus Hofstede terms 'masculine' societies which take on more of the attributes traditionally attributed to men; dominating, dealing with things and money, unemotional, rational and so on. In this society people are assertive and competitive. In contrast, feminine societies are those in which a caring and helpful

work environment is preferred along with the possibility of increased social contact. In the organisational sphere, in masculine societies people are more likely to be career-oriented and ambitious and achievement is important. In the more feminine countries, people in organisations value quality of life over achievement and sympathise with the weak. Hofstede found Britain to be among the one-third most masculine countries (66) and France to be among the one-third most feminine (43).

In summary, and extracting only the information relating to France and Britain, Hofstede's research indicates that significant 'cultural' differences exist between France and Britain which are likely to have an impact on the national economy and work organisation. In plotting Power Distance and Uncertainty Avoidance on a chart, Britain and France were placed in diametrically opposing quadrants with the UK being characterised by Small Power Distance and Weak Uncertainty Avoidance while France is characterised by Large Power Distance and Strong Uncertainty Avoidance (Hofstede, 1982). This signifies that France has a strong hierarchy held together by the 'unity of command' and with strong rules (see also Saleemohamed, 1996). The UK, in contrast, has no decisive hierarchy, has more flexible rules and tends to resolve problems by negotiation. Hofstede thus shows that France and the UK are quite highly differentiated in a number of respects.

Thus, although taking a different approach from Sorge (1995), Hofstede nevertheless makes comparable conclusions. Though Hofstede's conclusions are not recent, he notes that 'cultural values' are likely to remain stable over time as these are values which form the foundations of each society. They are passed down through generations and are embedded in the organisations of each country. These cultural values are likely to have very strong implications for companies and employees operating within each national context.

More recent research by Trompenaars (1993) - strongly influenced by Hofstede's approach - also classifies corporate cultural approaches into four categories. Trompenaars is convinced that there exist very clear and identifiable differences in



national and corporate cultures and that international and transnational organisations need to be aware of what can be learnt from all the different approaches, taking out what is best from each but avoiding the pitfalls linked to excess. Furthermore, he notes that for many American-based and influenced management approaches, it may be appropriate to question how individuals are motivated and rewarded. He suggests that the American approach may be over-reliant on money rewards as a mechanism to compensate individual employees and he suggests that these American models investigate the methods used in other cultural organisational models. Trompenaars also highlights the difficulty inherent in any examination of cultural differences discussed elsewhere in this section; namely, the fundamental question of how to recognise a cultural issue.

In particular, where multinationals are operating on a pan-European (or international) basis they need to be aware of potential culture differences as what may be sound human resource practice in one country may not be suitable in another. Further, organisations themselves are likely to develop their own cultures, so that what may be accepted practice in one company may not be tolerated in another. In this case, it would follow that for employees undertaking international assignments, the organisational culture can act to smooth the transition from home to host country. Equally, Hofstede believes that organisational culture can be a potential source of conflict where companies attempt to set up transnational joint ventures, mergers and acquisitions (Hofstede, 1982). This is a view supported by Olie (1995) who notes that while financial issues may dominate the pre-merger phase, it is often cultural differences that lie at the root of merger failures.

As Dunne (1993) points out, in view of the fact that culture differences across the SEM may be quite great and may have potentially far reaching consequences for both assignees and companies, they are nevertheless often ignored, written off or, worse, blamed for the failure of assignments. Dunne notes that where the influence of culture on an expatriate assignment has been acknowledged, it has mostly been identified in a negative way in a failure to adjust to the local culture and lifestyle. The examination of the effects of culture on an international assignment should therefore be undertaken with care - Dunne notes that while cultural differences are likely to have an impact on mobile

employees and their spouses, attaching too much importance to them can be as dangerous as not attaching enough.

It is important to highlight from the preceding discussions that there still exist basic cultural, societal and labour market differences between countries even in Western Europe and to write off these differences would mean that companies may be storing up potential problems for themselves. A good deal of the literature on this subject deals with the ways in which workers who are posted to foreign countries adapt to and cope with these differences. An influential theory has been that of the U curve. This model outlines the process of cultural adaptation undergone by mobile employees and shows this process in the form of a path or curve. Dunne (1993) informs us that it was Lysgaard (1955) who originated the theory, and that many other authors broadly support the view that this curve is U shaped. This shape is made up from the following adaptation process: in the early stages of arriving in the host state the worker undergoes a 'honeymoon' period, in which he is excited about being in a new and interesting location, this is followed by a period of 'crisis' when there is realisation of what has to be done and the difficulties that will be encountered (the bottom of the U curve), and finally the worker overcomes the problems and the process of adaptation is complete. While this model has been criticised in later work (see Church [1982]; Furnham & Bochner [1986]; Nash [1991] as discussed in Dunne [1993, 55]) it nevertheless provides a model that is simple enough to provide companies with some insight into how the adaptation process works and to allow them to select potential expatriates accordingly. Companies should bear in mind that adaptation is likely to be affected by the individual's ability to adjust (discussed further below); on the country of posting (often classified by companies - rather unhelpfully perhaps - into 'friendly' and 'unfriendly' countries); and the extent of the contact that the worker will have with the host country.

It is clearly the case that companies would benefit from an awareness of these cultural issues when posting workers to foreign locations, particularly in view of the fact that lengths of assignments have been decreasing. In an assignment that is projected to last only two years there is evidently a much greater need for quick adjustment than in longer assignments where more time can be afforded for adjustment. Dunne (1993) suggests

that a number of theoretical approaches have been developed to enable companies to assess and analyse the impact that national cultural differences may have on expatriate assignment, however his research undertaken in companies to assess the extent to which these assessment methodologies were actually implemented indicates that no attention was paid to these methodologies by companies selecting or preparing employees for international assignment.

While such theoretical approaches may be a useful starting point for discussion, companies in Dunne's research did not appear to have the resources or understanding to implement such methods. Instead, their selection and preparation for assignments concentrated on technical competence to do the job and language abilities (Dunne, 1993, 212). This lack of attention to the cultural assimilation of employees may be proof that in the EU context, companies do not believe that culture differences are an obstacle to successful assignments - judged by the low failure rate of assignments - however, as has been seen in the preceding discussions, it is as dangerous for companies and employees to ignore the existence of cultural differences as to overexaggerate them and thus encounter a wealth of small problems that could otherwise have been avoided.

## **2.5 Concluding remarks**

In conclusion, it may be seen from the preceding examination of labour market, societal, welfare and cultural differentiation between France and the UK that British/French labour migration is operating within two distinct contexts. However, the established nature of Franco-British trade, as well as total trade within the context of the SEM, would suggest that labour migration is taking place. It is difficult to state with any degree of certainty the size of these flows, however, an attempt is made to address this lacuna in chapter 6 below.

In this chapter, we have looked at the broad macroeconomic level framework for British/French migration. In the next chapter attention turns to an examination of the migration models available and examines why these models are not fully appropriate to the migration of highly skilled workers.

### **3. Classical migration theories and new models**

#### **3.0 Migration disciplines**

The study of migration movements is a relatively young field - established only 100 or so years ago - and has many links with other areas of study including anthropology, demography, economics, geography, legal studies and political science. When studying migration movements, these disciplines take different key questions and units of analysis as their basis. In its exploratory work for the foundation of the European Migration Observatory, the Commission (1994b) summarised the various approaches to migration listed above. Of these, the approaches taken by the economic and political science and geography schools of thought on migration are those which have most relevance to this study. They will be briefly examined here.

For economists, the basis of study is founded on the concept that people react to economic stimuli in a predictable manner. The unit of analysis is taken as flows of migrants at regional, national or international levels. Migration is defined as the economically motivated migration of people which is the reaction to various 'push' and 'pull' factors such as differences in wage levels and economic opportunities available in a free market.

Some economists have taken an empirical approach and developed a number of migration models to encompass these push and pull factors of which it is considered that labour market opportunities and wage differentials are the most important factors. However, in order to build migration models, economists have traditionally needed to assume that migration is the result of free choices made with complete (perfect) information. More recent migration models have attempted to address the fact that, in reality, potential migrants do not have perfect information on labour market conditions, job opportunities and social and cultural conditions in possible host countries. Over time these models and theories have been further refined to include microeconomic factors and concepts such as 'psychological cost' and 'inertia' (discussed below) to account for

differences in migratory behaviour (i.e. why some people move while others faced with the same constraints do not). The concept of psychological cost aims to quantify/rationalise a migrant's perceived loss of well-being should he become mobile. The greater the psychological cost, the less the likelihood of mobility. The concept of inertia is somewhat similar and expresses the idea that some people - even the unemployed - will not become mobile even when the marginal gain (potential satisfaction) to be had from moving is high i.e. in the form of available jobs in a second country or higher income potential for example.

Recently, political scientists have begun to look at international labour migration which is to be welcomed as immigration policies have become more restrictive since the 1970s but also as migration for political reasons has been growing and looks set to continue. The Commission acknowledged this in its evaluation of migration study noting that - *"Contributions by political scientists have made clear that international migration is largely determined by regulations set by the receiving nations, whose borders may not be crossed by non-belongers without explicit or tacit consent"* (Commission, 1994b, 8).

Furthermore, the political dimension has been strongly apparent in international migration between member states of the EEC. Setting aside illegal immigration, Salt (1986, 170) points out, *"Political barriers become additional hurdles for anyone moving across the space continuum, and the international migrant is someone who has the power to cross them"*. This has proved to be particularly relevant in recent times as developments in technology have meant that countries increasingly need to build up their stock of highly skilled workers. On an international scale, those with higher qualifications are likely to find entry to the host state much easier than lesser skilled or unskilled workers. This entry system is operated via the granting of residence and work permits and is a flexible system which is used increasingly selectively in many countries.

Political science also looks at the role of the welfare state and its relation to incoming migrants. As the Commission (1994b) points out, welfare states have traditionally been faced with a contradiction between accommodating an immigrating 'alien' but who is at the same time a legal beneficiary of the welfare system. This aspect is one which is

particularly relevant to the present study. Since the founding of the EEC, the role of the host country's welfare state in supporting migrating EEC workers has been the focus of much debate and legislation. While enormous progress has been made in this area, a difficulty remains in relation to legal third country migrants with regard to the difference in treatment received by them in comparison with EU migrants - there is some concern about the inequality of status that this engenders. These aspects are discussed further in chapter 5.

Finally, the geographical approach to migration looks at the spatial dimension of migration including, for instance, the spatial aspects of recruitment and settlement patterns and interrelations between origin and destination area. This approach tends to look at aggregate statistical data for its answers. This approach is used in chapter 6 which examines relatively large scale migratory flow data to look at British and French migration.

### **3.1 Migration theories**

Within the wider framework, the study of migration has tended to subdivide into two distinct branches. These are the theory of inter-area migration (also called integration theory) and the theory of international trade. To take integration theory first, integration theory broadly adopts the view that in a common market (i.e. such as the SEM which is more fully integrated than a simple free trade area or customs union - see Flockton, 1991) labour is mobile and will migrate to where it is most productive (i.e. where the factor returns are greatest) thereby generating additional welfare effects. In the case of labour, the factor returns are the differences in pay so that where large differences in pay are apparent, labour will migrate from the less productive jobs to more productive jobs until marginal productivity (and therefore pay) is equalised within the integrated area (Werner, 1990).

Within this framework, a number of models have been developed which can be described as microeconomic, aggregate spatial or aggregate time series models. These study migration from different angles (Molle & van Mourik, 1988):

- by studying the theoretical aspects of migration from the individual's point of view (as in the microeconomic approach)
- by studying interregional migration flows taking into account push and pull factors
- by studying the sectoral employment patterns of foreign workers in the host country economy and the effect that this has on tariff rates (spatial approaches)
- or in the case of time models studying how changes in the state of the host economy translate into ebbs and flows of foreign migrant workers.

In contrast, classical foreign trade theory assumes that labour is less mobile. This theory argues that each country has different production factor endowments (mineral resources, capital, technology, labour) and produces those goods for which it has a comparative advantage, i.e. the goods which it can produce most cheaply (the Heckscher-Ohlin theorem). Trade between countries then takes place which increases prosperity and leads to a division of labour in line with comparative production advantages between countries. In this context, capital is more mobile than labour (Werner, 1990). This is the Heckscher-Ohlin framework of trade theory and it is an approach which underpins much of the trade theory. Ohlin's pioneering work on trade theory established that movements of goods and movements of factors were substitutes and that both factor trade and commodity trade equalise factor and commodity prices in all countries. Work that followed refined this theory by incorporating elements such as the existence of trade barriers. In particular, Mundell's findings concluded that, in the case where different factor endowments were the basis for trade, if there existed barriers to trade, factor movement would be stimulated while if barriers to factor movements existed then this would stimulate trade. This suggested that there can be a mutual substitutional relationship between trade and factor mobility (Molle & van Mourik, 1988).

Straubhaar (1988) has further developed the theory noting that recently, other scholars (such as Markusen and Ethier) have examined the relationship between trade and factor movements and found that in the case where the reasons for trade are not factor endowment differences but other differences (i.e. differences in production technology, imperfect competition, differences in production and factor taxes) then trade and

migration can be complements rather than substitutes. As an example, Molle & van Mourik (1988) point to the complementary relation between trade and migration in the area of computers and software whereby trade in computers often leads to movements of software and technical engineers to technical centres or regions. Interestingly, computer companies were also highlighted by Marsden (1993) in his discussion of the use of worker mobility in particular industries. He noted that high technology companies in particular show more fluidity and often create networks across national boundaries involving the greater use of international mobility. The fact that companies which make significant use of high technology tend to make an equivalent greater use of staff mobility is a phenomenon that can be seen in the empirical case studies carried out by the author (see chapters 7 and 8).

According to the theories outlined here, Straubhaar suggests that three possibilities exist in the case of the European Community:

- the classical case - a decrease in labour migration and an increase in trade (i.e. trade is a substitute for migration)
- the 'extreme Mundell' case - an increase in labour migration and a decrease in trade (i.e. migration is a substitute for trade)
- Markusen's case - an increase in trade and an increase in labour migration (i.e. trade and migration are complements).

In reality however, a lack of solid empirical data means that it has proved very difficult for economists to test theories though Straubhaar (1988, 49-55) has made an attempt to evaluate migratory flows in the EC. It should also be pointed out that the migration theories examined above have their limitations. As Molle & van Mourik point out, theories are interlinked and have common features but also common shortcomings. They explain that theory generally fails to take account of socio-cultural obstacles to migration such as different languages, values and customs. They also tend to overlook the political determinants of migration. Furthermore, as Bourguignon (1977) points out, theories based on the perfect occupational mobility of labour need to be qualified. In reality, a capital outlay is usually required to permit a worker to switch careers implying that



existing education and training systems cannot guarantee the broad occupational mobility implied in classical theory.

Bearing these points in mind, our attention will now turn to examining migratory flows in the European Community since its early years. This should help to establish firstly whether any of Straubhaar's three possibilities have relevance in the case of the EC and secondly, whether any of these theories can be applied to the migration of the highly skilled in particular.

### **3.2 Traditional flows to 'fluid exchanges'**

Traditional flows were an established feature of international migration in the 1950s and 1960s when unemployment and poor social conditions in the southern 'sender' states ('push' factors) and a need for a mass of unskilled labour in the northern countries (one of the 'pull' factors) led to flows of workers from the south to the north and from Ireland to the UK. Workers were also attracted by the better prospects of the northern countries. As an increasing number of workers began to take this route, a certain amount of social infrastructure became established in the receiving countries. In this way, information was passed back to the sending country and it was relatively easy for new workers to follow on in previous migrants' footsteps. (This has been variously called 'migration streams' [Böhning, 1972] and the 'chain migration process' [White, 1988]. See also the European Parliament report for information on how these flows were organised by participating countries [Storch, 1964]).

The economic crises of the 1970s, triggered by the oil price rises of 1973 and 1979, signalled the end of the mass migration flows. It has been argued that the economic shocks produced by the oil crises had the effect of pushing the Fordist production system over the edge. This production system now all but collapsed and the recession led to a sharp rise in unemployment in industrialised countries (Teague & McClelland, 1991). Receiver countries now no longer needed to continue importing labour and, at the same time, changes in the social and economic situations of the sending countries meant that

‘push’ factors were partly eliminated (see Commission, 1989 for a country-specific account).

When the idea of a Single European Market was first mooted, the general consensus of opinion was that the establishment of a frontier free European Community would inevitably lead to an increase in intra-EU migration. Similar opinions and fears had previously been advocated in relation to the accession of new member states. During the 1960s for instance, the existing member states feared that the free movement of labour in the European Community would lead to Italian workers flooding the labour market as Italy was then the major emigration country. However, although the employment of Italian workers in the EC did increase, the growth in this migration between 1962 and 1972 was below the average for EC nationals as a whole. Nor did the accession of the UK, Ireland and Denmark in 1973 prompt a wave of migration (Werner, 1990). Thus, as had already been witnessed in relation to earlier developments of the European Community, predictions of mass flows of European citizens following 1992 were unfounded.

By 1988, the European Commission acknowledged that traditional flows of workers “*in those countries or zones traditionally associated with emigration, such as Spain, Portugal, Greece and Southern Italy ...have today slowed down or have even been reversed*” (1988b, 33) and that a new form of mobility was emerging, that of “*trained and qualified migrants*”. This was a view echoed by many observers. Gould (1988, 383) for instance noted that, “*Whether defined by educational level, occupational status or income, skilled migrants had become a major component of most flows and a majority in some*”. Other evidence also corroborates these views. In his analysis of in- and out-flows of people from the UK, Findlay found that the proportion of professional and managerial staff taken as a proportion of all actively employed migrants increased steadily from 37% of the total in 1973 to 59% in 1985 (Findlay, 1988). There is no evidence to suggest that this proportion has not continued to rise since that time.

The Commission further noted that this mobility of professional workers was largely ‘intra-European mobility’ and tended to occur “*within a company itself*” (Commission,

1988b, 34). Links began to be made between the new forms of skilled migration and the changing structure of economic activity or 'global shift'. The emergence of new systems of production has been associated with the rise of the multinational company which has played a role in transferring workers across national boundaries (Gould, 1988). Thus new systems of production were leading to a new type of international migration though the importance of this new migration, in terms of size, was difficult to establish.

In recent times, the high levels of permanent unemployment and persistent shortages of some skills has led to mismatches in the labour market. There has been an explosion in the growth of knowledge based jobs to the detriment of unskilled/semi-skilled jobs. The use of new technology and the rapid changes in such technology has resulted in new processes and products and a growing demand for highly skilled and qualified workers, also for managerial and administrative skills. An analysis of the available data by Salt and Ford has further led to the conclusion that throughout the 1990s (and beyond) the demand will remain for scientists, technicians and highly skilled workers in general (Salt & Ford, 1993).

### **3.3 Relating theory to empirical data**

A common element in migration theories is that of the so-called 'push' and 'pull' factors, of which earning differentials are the greatest pull factor. With closer economic co-operation and alignment between the member states of the European Community, the prosperity gap (a major determinant of migration) diminished. As a result, migratory flows were relatively small. Though it has proved difficult to test theory against reality due to a lack of empirical data, some consensus of agreement has developed: a lack of intra-EC migration suggested that trade has tended to substitute for migration in the EC (Molle & van Mourik, 1988, 327; Werner, 1993, 79; Straubhaar, 1988, 55). Certainly, it is clear that the formation of the Common Market did not significantly stimulate pan-European migration.

Several reasons can be put forward to account for this lack of movement. The principal reason was that on a microeconomic level sufficient migration barriers existed to prevent

workers from moving to seek better working conditions elsewhere. For instance, European workers did not have perfect information about job opportunities and conditions in other countries and social, cultural and linguistic barriers remained even when they had officially been removed. At a macroeconomic level, the specificities of a particular economic or social system also determine the level of international migration. Some of these factors have been discussed in chapter 2 but other factors such as the growth of the active population, the rate at which employment opportunities are created, earning possibilities, the duration of education and training, taxation levels and so on all influence peoples' decisions about where to be employed. Finally, the similarity of member states' economies (the EC-6) meant that the benefits to be gained by workers of one member state seeking employment in another state were not great enough to provoke large-scale movements. In fact, this proved to be the case even for those who, in theory at least, had the most to gain from international mobility i.e. the unemployed. As Straubhaar (1988, 55) notes, *"It was typical of European workers that they preferred to stay unemployed where they were, searching for a job only in their immediate neighbourhood"*.

Broadly speaking, this lack of intra-EC migration suggests that classical foreign trade theory has been most appropriate to the EC case (i.e. that trade has substituted for migration - the classical case). However, it should be borne in mind that the complementarity of trade and migration has also been proven to exist in the EC (i.e. where an increase in trade has led to an increase in migration - Markusen's case). This suggests an integration effect.

Whilst at first sight, this conclusion may seem contradictory, on closer examination it becomes clearer - if, for instance, different types of migration exist. As the examination of intra-EC migration above suggests, the mass migration flows of unskilled or semi-skilled have reduced as closer economic integration has been achieved. This supports the classical trade theory (that migration has diminished as trade has grown). This is because closer economic integration and co-operation has eliminated some of the stronger push and pull factors between EC member states. However, at the same time, trade between EC member states in specific commodities necessitated migration on an intra-EC scale by

skilled labour (as Molle & van Mourik's example in computer trade demonstrated). This trade is based not on different factor endowments between countries as in the classical case (the Heckscher-Ohlin theorem framework) but was stimulated by differences in technology. This growth in trade of particular commodities accompanied by migration supports the integration approach. This means that both the classical trade theory and integration models of migration can be demonstrated within the EC - different models are necessary to explain the migration that takes place within different frameworks. Therefore, for the highly skilled migrants such as those under study in this thesis, of the 'classical' approaches, integration theory is found to be most relevant.

Notwithstanding this point, it is clear that new types of migration may require different models. Salt (1986) suggests that traditional migration theories, based on concepts of distance, push and pull factors, and gradients in standards of living, are unlikely to be adequate to explain the interplay of highly skilled labour forces and advanced industrial economies. He proposes a new model based on the international mobility of employees and its interaction with corporate mobility and development policies. He suggests that such a model must incorporate the highly skilled migrant as belonging to a highly differentiated, non-competitive group and must address the way in which mobility occurs within companies' internal labour markets (ILMs) and the role that the career plays in the individual migrant's decision to accept international mobility (Salt, 1986). These elements provide the basis for a new explanatory model for the mobility of highly skilled migrants and will be discussed further in section 3.5.

### **3.4 Inertia and psychic cost**

As discussed earlier, the initial impetus behind the creation of the single market was economic. According to the classical theory outlined above, the Commission reasoned that the SEM would create the conditions for the most efficient allocation of productive resources (capital and labour) thus generating welfare effects for the community. The Cecchini (1988) report confirmed that benefits would result from the major structural changes that would result from closer market integration. It has been seen however, that it is much easier to reallocate capital than labour. Some authors have described the

unwillingness of workers to migrate in terms of 'psychic cost' (Greenwood, 1975) or 'psychological cost' (Bourguignon, 1977).

Greenwood's study of employment-related migration in the US showed that people were not mobile across states, despite being in a context where there were no real cultural, language or administrative difficulties. From this finding, Greenwood developed the notion of 'psychic cost' in relation to people migrating away from an established base - *"psychic cost can be transformed into permanent transportation cost by figuring the needed frequency of visits to the place of origin so as to negate the agony of departure from family and friends"* (1975, 1161).

Greenwood's argument is that 'psychic cost' is likely to increase with age as it becomes more difficult to leave established networks of family and friends. However, information about opportunities elsewhere is also very important and he found that the propensity to move for work related reasons was likely to increase with higher educational levels. This was again found to be the case in a more recent British study which confirmed that in terms of employment and its relation to migration, *"the most mobile sub-groups in the population [were] younger people (16-24 year olds), the economically active and male managerial and professional workers"* (Green et al, 1986, 56). Furthermore, Green and his colleagues were surprised to find that of the interregional employment-related moves in the UK, less involved a change of employer than they would have expected.

These studies suggest that even if all other barriers to mobility could be eliminated, people would not necessarily become mobile. While there is evidence to suggest that mobility may be easier for younger people, mobility should not be assumed, even for the highly skilled, though this group's personal characteristics may better equip them to overcome psychological cost. This clearly underlines the need to look at the characteristics of highly skilled migrants in order to understand to what extent, if at all, psychological or 'soft' barriers can be preventive in terms of mobility for this group. Our attention turns to this question in the next section.

### **3.5 The development of new migration models**

#### **i) Distinguishing factors of highly skilled migrants**

Before our attention turns to what factors any new model may incorporate, in this section attention turns to reviewing the factors which distinguish the highly skilled migrant workers from the mass migration workers in order to clarify what is meant by highly skilled migration.

In his informative study of high-status migrants in Western European cities, White (1988) points to several characteristics that distinguish the highly skilled migrant from traditional (i.e. unskilled) migrants. One of the most distinctive characteristics of European skilled migration is that it is impermanent in nature. For migrants who become mobile through the internal labour markets of major employing organisations, the notion of temporary migration can be linked to the changing corporate management of international assignments. Whereas the 'expat' used to be sent abroad and then moved from one foreign location to another, staying abroad for long periods of time (if not permanently), workers are now much more likely to be posted abroad for relatively short periods before returning to the home country. This type of worker has been named 'skilled transients' (Findlay 1988).

Furthermore, what White (1988) terms 'stay horizons' for highly skilled migrants are not likely to lengthen once the international assignment has begun. In contrast to traditional migrants whose stay horizons tend to lengthen on arrival in the host country, highly skilled workers generally arrive in the host country with a fixed time limit which is not likely to be extended by any significant period and the worker may consider this temporary stay abroad as part of his career pattern (though the mobile worker's expectations of an assignment do not always match those of the employer. This issue is examined further in chapter 4.)

Migration streams are much less likely to form for new highly skilled migration. Highly skilled mobile workers have differing, often highly specialised knowledge which is not

applicable to a wide number of work opportunities, thus reducing the likelihood of the development of 'streams' of workers to a single host country or destination. The numbers of highly skilled mobile workers, though growing, are still too small to constitute streams in the sense in which it is applied to flows of unskilled migrants. However, in Salt and Ford's (1993) view, the numbers on a global scale of 'business trip' type mobility (i.e. for one or two days up to a number of weeks) is now large enough for them to describe this mobility in terms of "*one form of mass movement*".

White (1988) also notes that high status migrants are usually accompanied by their family as soon as they become internationally mobile and do not go through the family reunification processes more usually linked with lower status migrants. This is the result in part of administrative controls on the incoming families of foreign low skilled migrants which do not exist in the context of pan-European movements of EU citizens. In fact, with regard to highly skilled migrants, accompanying spouses are themselves often skilled but are not always able to work in the host country due to language difficulties or non-recognition of qualifications. This tends to be a major concern for both relocating workers and companies.

A further major distinguishing feature between the two sets of migrants, according to White, is the highly skilled migrants' linkages to previous employment. He argues that for this group of mobile workers "*significant linkages to previous employment are likely to be almost always present in the case of skills and associated formal qualifications, and often present in terms of employers*" (1988, 414). White is referring here to corporate movers who become mobile through their present employer, being sent on assignments or job transfers for a limited time.

For low- and unskilled migrants linkages with previous employers are less likely to exist. Johnson and Salt (1990) have explained that this is due to the transferability of unskilled labour – employers needing this type of labour would employ local workers (either unemployed workers or employed workers from other types of employment) and give them the limited training required rather than transfer them from outside the area. It is not cost effective for an employer to send this type of worker abroad and their low skill



level means that these workers can be more effectively recruited locally. On the other hand, if sufficient workers with specialised skills are not available locally, it is more cost effective for employers to recruit or transfer workers from other geographical areas due to the length of time and cost implications of training workers to acquire the necessary specialist skills.

In terms of housing, White has discovered that highly skilled and traditional migrants are both likely to be restricted to the private rented sector. For low skilled migrants this is due to lack of financial ability to purchase property and for high status migrants because of the short stay horizon and possible ongoing house purchase commitments in the home country. However, the quality and location of such housing is likely to be markedly different for each group. This is not only due to higher remuneration levels enjoyed by the highly skilled migrants but because the presence of family members may make housing considerations more important than for single young incoming male workers. White points to a further similarity between the accommodation of high and low skilled migrants in that in both cases there is often involvement of the employer in housing search. However, traditional low skilled migrants, when housed through the employer (as was the case in West Germany for instance), were usually housed in poor quality hostels whereas the involvement of highly skilled migrants' employers in housing is usually to provide substantial financial assistance or good quality company housing. White's findings are summarised in table 2 below.

Table 2. Low and high status migrants

	Low status	High status
<b>Group composition on arrival</b>		
Age of the employed person	Young adult	Wide range of adult ages
Sex of the employed person	Male	High proportion male
Presence of dependants	No	Often present
<b>Employment</b>		
Sectors	Secondary/tertiary	Tertiary/quaternary
Skill levels	Low	High
Remuneration compared to local levels	Below average	High
Linkages to previous employment	None	Generally present
Employment of dependants	Not relevant	Relevant, problematic
<b>Social factors</b>		
'Stay horizon' on arrival	Generally short	Varies, often short
'Stay horizon'	Lengthening	Unchanged for most
Existence of chain migration systems	Common	Generally not
Importance of non-wage considerations	Low	Often high
<b>Housing</b>		
Prior housing class	Varies	Mostly owner-occupation
Retention of previous residence	Yes	Usually
Employer involvement in housing search	Often	Generally
Housing class at destination	Privately-rented	Privately-rented
Housing quality at destination	Poor	Good

Source: White, 1988, 413.

White did not look at language requirements in his otherwise comprehensive study. This is a significant omission as language skills are likely to be an important factor for highly skilled migrants. The professional worker who seeks a position in another European member state would generally need to master the host country language in order to be able (or allowed – e.g. nurses in the UK) to practise his/her profession in that state, in addition to a consideration of the recognition of professional experience and

qualifications by other member states. In contrast, less skilled workers would require only a basic knowledge of the foreign language in order to work and manage daily life.

Other authors have concentrated on what allows the highly skilled worker to be relatively easily mobile in view of the 'psychological cost' arguments seen above, which stress the difficulty that individuals experience when uprooting from their home area.

The theory that has gained most ground is that the propensity to become mobile is related to higher educational qualifications. Roberts (1987) found that among those educated in Great Britain, the highest proportion of movers were to be found among those attending university (70%) and that mobility increases in direct proportion to educational qualifications. Atkinson (1987) has made similar findings in his research into the geographical mobility of highly skilled workers within the UK national context.

Johnson and Salt (1990) also agree with these findings, and believe that the propensity to be mobile is tied to social class and occupational type. They argue that the highly skilled worker may already have broken attachments to his/her home and local community in order to attend an establishment of higher education and that those who have previously experienced mobility are more likely to become mobile again. In turn, higher education is likely to provide individuals with better access to information and with the level of confidence required to become mobile, as well as the possibility of becoming mobile as education generally leads to higher occupational type and therefore income (Johnson & Salt, 1990).

However, while this may well be true, some observers have pointed out that this may be an overly simplistic view. The counter argument proposed reasons that this category of professional worker is also the most highly paid in their own country which lessens the need to go abroad to seek highly paid positions. Nor should it be assumed that highly skilled workers necessarily possess the language skills or the necessary knowledge of the employment situation to go to work abroad (Werner, 1993; DTI, 1991). (There is some evidence though, that international companies are beginning to recruit technical and scientific graduates who have a second European language). Furthermore, it should not

be forgotten that such individuals, though potentially more mobile, may nevertheless be prepared to take less suitable positions at home to avoid the disruptions inherent in moving (Thom, 1992). Taking all of these factors into account supports the hypothesis that highly skilled/highly educated workers are more likely to exercise pan-European mobility within the employer organisational framework.

In summary then, highly skilled migrants differ in a number of respects from traditional low skilled migrants in that they are not necessarily young, single, male workers. They tend to be spread across a range of ages and are very often accompanied by family members from the start of their period abroad. This period abroad tends to be fixed and not susceptible to lengthening upon arrival.

Most importantly, there is generally an important link between present and previous work through skills and qualifications. Highly skilled migrants do not generally become mobile to seek work because they were unemployed in their home country. Indeed, it has been seen that to a large extent even in a national context, unemployed workers in one area of a country are unlikely to move to another area of the country in order to seek work. Following on from this, it is therefore even less likely that unemployed workers will move to another European country to look for work (although the Euroadviser network is seeking to facilitate this and other types of work-related migration. See section 5.7).

Bearing in mind Green's findings that, "*migrants move from positions of strength rather than positions of weakness*" (Green et al, 1986, 56), today's mobile workers are therefore not becoming mobile in response to macroeconomic constraints (poor living conditions, high unemployment) (Salt, 1990) but because of the nature of their own skills, experience, qualifications and, often, personal desire for international exposure. Highly skilled workers are much more likely to become internationally mobile for reasons linked to their existing careers: the opportunity to further their careers (by accepting a better position) or to gain more experience (by making a horizontal move) or simply to enjoy higher remuneration. Some highly skilled migrants may even accept a temporary move abroad for personal satisfaction; for instance, some of the company migrants interviewed

were happy to go abroad with their employer because they had always wanted to work abroad but had not been in a position to do so on their own (chapter 7, part 3).

In the context of the Single European Market, the skills and qualifications of highly skilled migrants are acting as a new type of passport to opportunities in all member states.

## ii) New models

As seen above, the evidence suggests that mass migration of generally unskilled or manual workers is slowing down and it is now highly skilled workers who are much more likely to become mobile (Werner, 1993). (Though the actual numbers of highly skilled workers who are becoming mobile are still very small in relation to earlier mass flows of lesser skilled migrants [Salt, 1992b]).

It has also been seen that while some elements of traditional migration theory can help to explain the migratory movements of highly skilled migrants, these more traditional models cannot fully explain the movement of the highly skilled. This has been found by other authors studying various elements of highly skilled migration. In his study on the evolution of emigration of highly skilled British workers, Findlay (1988, 408) found that-

*"Explanation of skilled migration flows between the most advanced industrialised economies in terms of theories derived from the concept of an international hierarchy of production necessitating the international transfer of skilled labour is not therefore entirely adequate."*

From a geographer's viewpoint, Salt (1986, 177) has also come up against similar problems in trying to situate disaggregated highly skilled migration movements within traditional theory -

*"Explaining their migration presents some new problems, for spatial disparity is relatively unimportant to people moving for career reasons in an increasingly global economy"*

It therefore becomes necessary in this study of highly skilled migration to review the emerging new models which more easily accommodate the elements contributing to highly skilled migration. As the preceding discussion has shown, this type of migration is likely to have particular characteristics - in particular, these migrants are likely to be less concerned by the concept of 'distance' whether this is taken to be a physical concept or a psychological one. Push and pull theories and wage differences, which form a large part of the traditional theories outlined above are likely to be equally unsuitable ways of accounting for highly skilled labour movement.

Furthermore, the highly skilled workforce is a separate and internally fragmented group which is differentiated by the specialist skills and training that workers undergo. Salt and Ford (1993, 295) suggest a definition for these highly skilled workers – *“professional, managerial and technical specialists, most of whom have a tertiary level qualification or its equivalent”*. This duration and level of training means that there are low elasticities of supply for these workers and that workers' skills are characterised by their non-competitive nature. The consensus of opinion is to describe these as 'non-competitive groups' (Bourguignon, 1977, 42) or 'self-contained, non-competing groups' (Salt, 1986, 180). The development of new explanatory models for international migration of the highly skilled must be based on the disaggregated nature of the modern labour market and take into account the separation of highly skilled workers into these non-competing groups (Salt, 1988).

High skill levels mean that the career path is important to highly skilled workers who wish to benefit from the possibilities of promotion which will provide them with upgrades in their salaries, lifestyle and job satisfaction and this is closely associated to the internal structure of the employer and the jobs that the employer has to fill. Salt defines the career as *“a sequence of jobs held by an individual and related to each other by the acquisition of skill and experience”* (1986, 180). If it is assumed that an individual's career is made up of a sequence of upwardly mobile jobs (or at least by horizontal moves) then the individual will achieve this upgrading by mobility between jobs either by a task change or a location change. This suggests that at certain points in

the career labour migration results. Furthermore, Brewster (1988) notes that the changing nature of international mobility is closely linked to what employees perceive as their own career path. The highly skilled workers who are most likely to be mobile do not see international assignments as an end in themselves but as part of their overall career progression.

On the demand side, Salt (1986; 1988) points out that an employing organisation has jobs which must be taken up by people with the requisite skills and experience. In order to fill the need for these workers, both companies and employees make lengthy and costly investments in skills, which for companies leads to the establishment of complex recruitment and career development strategies. Organisations (particularly the multinational level companies) often have highly developed human resource policies to manage these strategies and for facilitating the mobility of individual movers (discussed in chapter 4). For multinational organisations with developed internal labour markets (ILMs), the multi-locational dimension means that ILMs have also become international.

The demand for the appropriate skilled staff and the supply of skills are two elements in the migration pattern and the interaction of these elements, which are fuelled by the need for employers to fill available vacancies with people who have the necessary skills, provides a framework for migration. Salt (1988, 389) notes –

*“Geographical migration patterns are, therefore, determined on the one hand by the location decisions of employing organisations and the spatial division of labour they favour, and on the other by a group of eligible people with degrees of skill and experience already acquired.”*

The interplay between individuals' career paths and the filling of vacancies by the employer within its international ILM explains much of the international mobility of highly skilled workers as employees move freely to jobs in foreign locations. This is supported by evidence such as that of Green et al (1986) who found that many longer distance job related moves do not involve a change of employer. As Salt points out, *“For ILM migration the organisation itself becomes the context in which the migration system develops”* (1986, 181). The system is lubricated by companies' mobility policies

and the financial assistance that is provided to individual mobile employees. This is a point that Salt reiterates in later work -

*“The principal feature of international moves by highly skilled labour is the presence of organisations which promote and support them: multinational companies and international recruitment agencies. These organisations are the prime forces behind patterns and trends in this mobility, especially in corporate transfers and business travel”* (Salt & Ford, 1993, 307).

### **3.6 The corporate versus the individual mover**

We have examined how mass movements of unskilled workers have given way to smaller scale movements of more highly skilled workers. This trend suggests that the issues facing the migrant workers have also changed. However, the issues are not likely to be the same for corporate movers and those who become mobile on an individual basis in spite of similar skills levels. In this section, we look at the factors differentiating corporate from independent highly skilled migrants. This should help to answer the question why highly skilled movers appear primarily to undertake mobility within the corporate framework.

Like White and others, in this study we are mainly interested in workers who are mobile within companies. However, Brewster (1991) reminds us that not all highly skilled migrants are corporate movers and indeed one criticism which may be levelled at White's and others studies is that very little account is taken of the fact that not all highly skilled migrants are corporate movers. As Read (1991) correctly points out, the issues surrounding corporate movers (i.e. those moving across national boundaries but within the same firm) have tended to be neglected but at the same time, many authors writing about highly skilled migrants have tended to group all migrants in this class by referring to employers' assistance with housing and other financial backup and not making clear the distinction between corporate and individual movers. (An exception to this is the study carried out by Salt and Ford (1993) who note that of those highly skilled workers who are independently mobile, many are professional and technical consultants while others work for semi-public bodies such as governments and supranational bodies.)



The most obvious difficulty in studying non-corporate movers lies in obtaining adequate statistics and other information relevant to non-corporate skilled migrants. Indeed, Findlay (1988) was only able to carry out his analysis of the movement of highly skilled British workers by using 'a unique and unpublished data source' in the form of specially prepared tables provided by the Office of Population Censuses and Surveys. In contrast, corporate movers can at least be partly identified by referring to employing organisations who demand mobility from workers (as has been done in the survey and case studies carried out in connection with this study, see later chapters) though in practice it is painstaking work and few major studies have been carried out in this manner (notable exceptions include: Atkinson [1987] and Salt's Organisational Labour Migration Study [Salt, 1988] both of which concentrate on internal UK moves).

It has been noted that corporate movers are unlikely to cause 'social cost' to the national economies in which they move. Those who move with their company almost always receive some form of financial support. As will be seen below, this generally includes generous financial and practical help and often includes the provision of company accommodation in the host country. Similarly, individual highly skilled workers moving independently in Europe are also unlikely to cause social cost to their host countries. However, unlike corporate movers, the individual mover does not enjoy such a well smoothed passage and, as a result, is at a disadvantage in many respects (particularly financial) to the corporate mover.

Most fundamentally, in addition to the practical benefits enjoyed by the corporate mover, a job is guaranteed to the corporate mover in the destination country and (generally) on his return. Independent movers, on the other hand, have to find and secure a job for themselves if they wish to work abroad. In view of the difficulties inherent on a pan-European basis in undertaking a job search, ensuring recognition of qualifications, renting or selling accommodation in the home country (assuming, as mentioned above, that highly skilled migrants are owner-occupiers in the home country), organising accommodation in the destination country as well as making arrangements for an accompanying family (locating suitable schools for children, finding employment where needed for a working spouse etc.), making suitable administrative arrangements with

regard to personal finances (e.g. pensions etc.) and at the same time coping with cultural and language barriers and entirely funding the move, it is clear that corporate movers have a distinct advantage in undertaking international mobility. For the corporate mover, the practical and financial arrangements are in large part catered for by the employing organisation. Salt (1990, 64) has rightly noted –

*“Whether these provide a complete magic carpet is debatable; what is certain is that transferees have a tremendous advantage over those whose migration has to be funded entirely from their own resources.”*

While corporate movers are thus likely to enjoy considerable material benefits over individual movers, corporate movers may have little choice over the decision to become mobile, in contrast to the free decisions taken by independent movers. This is a point that has not been greatly explored by scholars in this field. (Though Findlay [1988,409] raised it briefly in the conclusion to his paper describing it as *“the poignant question of whether international migrants choose or are chosen to move”*.) Evidence in the following chapter suggests that mobility is often ‘unchosen’, which is likely to have implications for the families and dependants of workers, particularly when a partner or spouse’s career is involved. This is an area that is beginning to cause increasing concern to relocating workers and their employers.

It is clear then, that while corporate movers may experience other disadvantages in terms of choice over accepting international assignments and location of work on arrival, they are clearly at an advantage in most areas to independent workers seeking similar work abroad. Even among the highly skilled workers, only the most determined individual would consider changing his job in his home country for a similar job in another EU country when all of the above considerations are taken into account. One of the few authors to point this out, Salt has summed this up by stating that, *“corporate transferees continue to move from positions of strength, the sources of which are increasingly located in corporate manpower planning”* (Salt, 1990, 68).

A lack of accurate statistical data on movers makes it extremely difficult to state with certainty what proportion of all highly skilled mobile workers are corporate or non-

corporate movers. However, evidence examined in chapter 6 suggests that a relatively high proportion of highly skilled migrants may be moving within a company ILM rather than as individuals. This is corroborated by other observers (notably Findlay, 1988; Thom, 1992; IDS/IPM, 1988). Furthermore, indications from Euroadvisers suggest that many potential individual movers are in fact dissuaded from working abroad when they fully understand the amount of effort and financial commitment that needs to accompany such a project.

There are important policy implications implicit in these assertions; firstly, as seen above, to distinguish the methods by which workers are becoming mobile is to clearly demarcate the two sets of highly skilled migrants. Companies are providing for the mobility of the first group (the corporate movers), while one branch of the EU's social legislation is providing for the mobility of the other group (independent movers). It has been shown above that in relation to international mobility, this implies that corporate movers are getting a 'better deal' and as a result are more easily able to become mobile across the EU than individual potential movers. This suggests that international mobility is not equally available to all categories of highly skilled, professional workers.

### **3.7 The consequences of mobility**

This leads us to turn our attention to the consequences of mobility. Recent discussion on this topic has suggested that there may be consequences for the community at large when the most highly qualified section of the community leaves to go and seek better opportunities elsewhere. There may also be consequences for the companies who use international mobility, and of course there are significant consequences for the workers and their families who are affected by mobility, some of whom may not be willingly mobile (i.e. spouses, families and even the worker himself).<sup>1</sup>

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<sup>1</sup> As the overwhelming majority of mobile highly skilled workers are male, in this study the masculine personal pronoun will be used throughout.

While the establishment of the SEM was driven by economic arguments - that the free movement of workers ensures labour market flexibility which should, according to theory, help to reduce unemployment and fill skills gaps - there is an ongoing discussion that puts forward the opposing view that the international mobility of highly qualified, highly skilled workers might be seen as a problem as well as a solution. The Foundation for the Improvement of Living and Working Conditions (Pickup, 1990) has outlined at some length the potentially detrimental effects of the free movement of people. This opposing view argues that mobility can be a socially divisive force. The effects on regions of structural decline of the free movement of workers may lead to the rapid degeneration of such areas as the most able and qualified section of the community leaves to seek better opportunities and living conditions elsewhere, deserting areas of high unemployment for areas of high employment. The 'weaker', i.e. least skilled, section of the community meanwhile has no choice (due to cost constraints, a perceived lack of opportunities or insufficient knowledge of vacancies in other areas) but to remain behind (Pickup, 1990). Green *et al* (1986) note that this is one of the major criticisms of the potential role and value of migration policy which is essentially developed to facilitate the outward flow of the younger and more skilled members of an area's population to areas of employment opportunity. The consequence of this mobility may lead to the desertion of the area by businesses who prefer to seek out areas of highly skilled workers, though EC development grants may go some way towards offsetting this trend. The challenge for the EU is to create the conditions for free movement while at the same time protecting those who choose not to exercise their right to move.

However, though these arguments have been presented here to demonstrate the multidimensional debate regarding labour mobility, it is the author's view that the migration of the highly skilled under study here is unlikely to have serious implications for the rest of the community. This is mainly due to the very small numbers involved and because many of these highly skilled workers are existing employees who are moving internationally through their employers' internal labour market. In other words, these workers are not deserting the local community to seek opportunities elsewhere - they are already employed.

The consequences for companies of having an internationally mobile workforce are numerous (and are discussed at greater length in chapters 7 and 8). These are related to the overall aims of the company. Companies might use the international mobility of staff to help achieve a variety of corporate objectives: for instance, to expand in Europe, acquire new companies or joint ventures or to enhance the corporate image. However, companies are finding that though the nature of international mobility has changed since the days of the traditional 'expat', the new type of mobility still does not come cheap. Most companies with mobile staff provide comprehensive relocation packages and devote much time and manpower to overcoming the obstacles to international mobility.

With regard to the consequences of mobility for the individual, the prospect of international mobility is often considered in terms of acquiring additional experience and (from the individual mover's point of view at least) ultimately a move up the corporate hierarchical ladder. However, evidence provided by companies suggests that this is not necessarily a given. It would appear rather that companies appreciate a worker's international exposure but would not generally promote him because of it. It is more likely to be the case that without some international experience, an individual worker's rise to the top of the corporate ladder would be severely restricted.

Finally, an international move will have an effect on the worker's family. It has been pointed out that it is often harder for the worker's spouse and family to accept the international move than for the worker himself. The worker usually has either requested or accepted the move with consideration to his professional career path (associating mobility with better future job prospects). Furthermore, transferring to a new job or project in another country is a positive step for the worker, and undertaking it with an existing employer ensures a transitional link for him. Occasionally, he may be further supported by a mentor during the time of the assignment (whereby a manager or other senior worker supervises and liaises with the worker over the international assignment). The worker's partner and family, on the other hand, often have little choice but to uproot and follow the worker to the new location leaving friends and family behind.

Where dual career families are concerned, a spouse may be obliged to temporarily abandon their own career and it very often proves difficult for him/her to find paid work in the new location. This may be partly due to the well documented differences in qualifications and recognition of diplomas across the EU, but is probably equally due to the partner's lack of adequate language proficiency, inadequate knowledge of the host country's labour market and the fact that the move is temporary. Added to this already significant upheaval is the fact that it usually falls to the partner to deal with many of the practical aspects of the move while the worker is occupied with the new challenges at work.

Given the significance of the multinational ILM and corporate relocation policy on the mobility of highly skilled employees, it is very important that empirical study be carried out on the employee movement that takes place within the organisational internal labour market if we are to fully understand the ways in which corporate human resource policies affect the international migration of the highly skilled worker. The preceding discussion underlines the need to look beyond data collection on individual movements and into the institutional sphere. While some work has already been done in this area, pockets of detailed work remain largely isolated from each other. In the next chapter, we will attempt to remedy this patchy understanding by examining some of the existing literature on corporate international mobility and human resource policy in order to look at how companies manage their international mobility and the issues it raises for both companies and individual movers. We will also look at the interaction between the company's and the individual's motives for international mobility – and the extent to which they match.

## **4. Review of corporate mobility policy issues in the SEM**

### **4.0 Introduction**

It is clear from existing studies into mobility that a growing consensus developed over the years leading up to and after the creation of the Single European Market (SEM) that an increasing number of highly qualified and highly skilled workers would become mobile across EC member states. It was taken as inevitable that in the fight to compete, companies in the SEM would increasingly employ national and international staff mobility (Forster, 1990; Coyle & Shortland, 1992). However, this consensus was built up largely around expectations rather than on survey evidence. This must in part be due to the gradual reduction in European member states' border controls, even by countries that do not yet belong to the Schengen agreement. This makes it difficult to study pan-European mobility of workers in the SEM. It is for this reason that it has been virtually impossible for authors to test their hypotheses against the reality of movement and to assess the current picture. There is no ready solution to this problem, which is addressed in chapter 6 where the available statistical evidence is collated and discussed.

While the lack of available data has hampered virtually every author attempting to look at labour mobility within the EC, as each author has pieced together parts of the evidence, a picture is gradually beginning to emerge which shows how the development of the EC has affected companies and the individuals working in them. Many scholars hold the view that a large proportion of highly skilled worker movement is likely to take place within this framework. This suggests that studying companies' reactions to the SEM and their corresponding personnel policies and practices should allow some insight into highly skilled worker movement. Though statistical data on the movement of highly skilled workers is inadequate, which has been attributed to two factors – that the overall numbers are small and that these types of workers tend to be 'statistically invisible' (Salt, 1992b), a small but closely connected body of literature has developed to explain highly skilled migration particularly within company internal labour markets (ILMs). One recent conclusion to emerge from this literature is that there is a close interdependence between

skilled international migration as it is used by companies and the individual career motives of employees (Salt & Ford, 1993).

The link between major employing organisations and mobility is not a new one and various studies have been carried out on employing organisations which require mobility from workers. These have variously aimed at studying human resource management issues faced by companies when moving workers internationally and have also looked at why this international movement of workers takes place. It has been found that traditional expatriation models are no longer utilised by companies for the secondment of workers. Instead, current international mobility is likely to take the form of relatively short term transfers or assignments whereby high level workers are transferred out to a host company and then returned to the home company once the assignment is complete.

In this chapter, a review of the current literature is undertaken which looks at company level surveys and studies which have been carried out into highly skilled labour mobility. The studies are examined and compared in order to develop a clearer picture on the current state of highly skilled mobility and its relation to company policy and the issues that corporate mobility raises for companies and employees.

Following on from the discussion of mobility frameworks for the highly skilled, in the following sections we will examine existing literature in order to establish the broad implications of the SEM on company mobility and human resource policy. We will then concentrate in the second instance on how flows of workers have affected or taken place within the company ILM, before turning to an overview of the literature concerned with the management of mobility within companies and the issues this raises for both the company structure and the individual mover.

#### **4.1 Company preparation for the SEM**

A study undertaken by Wood and Peccei (1990) looked at companies in the lead up to the SEM and their level of preparedness to meet the challenges of the single market. They took the view that in order for companies to plan successfully for '1992', they would also



need to include in their preparation a more integrated human resource management in order to improve the competitiveness of British industry to face up to the increased competition that would result from the single market initiatives.

They found that in the 171 companies surveyed (over half of which had employees in more than one EC country and a further 19% of which had strong linkages with Europe) feelings about the business implications of the SEM were divided. Over half of companies viewed the single market as both a threat and an opportunity, while just over a third were unsure. Only 5% of the companies surveyed viewed the SEM as an opportunity. However as far as the manpower implications of the SEM were concerned, companies were more clearly divided; half the respondents thought it would have implications for them, the other half thought not or were unsure.

In their survey, Wood and Peccei asked companies to name the single most important issue with regard to their personnel function in the SEM. Of all answers (categorised into labour market, legal, training and management development) labour market issues were most prominent. These labour market concerns were overwhelmingly divided into three issues; the largest number of answers showed that firms were concerned about the competition for professionals, graduates and skilled labour in the SEM, a further 10 companies specified the acquisition and retention of skilled employees and 18 companies mentioned labour mobility in general. This suggests that companies are concerned about labour mobility and how it affects their ability to compete.

One of the most interesting points to emerge from Wood and Peccei's study, was the confirmation that companies which already had operations in other EC countries or who had strong linkages with the EC were the most likely of all companies to have developed personnel practices to take account of the European dimension. These companies were more likely to post employees to other EC countries, to monitor the pay and personnel practice in other EC countries and were most aware of the need to raise the expertise level of their managers (though they were less concerned to develop some categories of staff such as technicians, engineers and clerical and secretarial staff in relation to this).

Wood and Peccei found from their research results that there were a number of variables affecting the level of 'preparedness' shown by companies in relation to the SEM. These levels of preparedness included -

- the companies' desire/need to develop a European dimension to their personnel policies
- their organisational capacity to prepare and plan for 1992 on the personnel front
- their current level of involvement in Europe
- their perceptions of the business and manpower implications of the SEM

In each case, the greater the importance of each variable, the greater the level of preparedness, though the last variable had the least impact (Wood & Peccei, 1990, 73).

They concluded -

*"By far the most significant factor accounting for the extent to which a firm is prepared for 1992 is the current nature of its involvement in Europe. As predicted, those companies which have the strongest linkages with EC countries, including having employees there, are much more likely to have a greater European dimension to their personnel practices than firms at the opposite extreme i.e. those which do not even sell their products in the EC".*

Two further studies into companies' preparations in the field of human resource and personnel planning in preparation for the SEM were undertaken by the European Industrial Relations Review (EIRR) in 1989 and 1990. The 1989 study surveyed 21 British organisations while the 1990 survey looked at 7 Dutch companies. These studies confirmed many of the points raised in Wood and Peccei's work.

In the EIRR studies (1989;1990), it was seen that a high number of companies were undertaking reviews of the effects that the SEM would have on the company, though it was clear that in some cases these reviews had been prompted by a desire to discover what effect the SEM would have on price levels, sales and marketing and not simply a concentration on human resource and personnel issues. In these studies, a fairly high proportion of companies already had some staff mobility between their operations in

other EC member states and most of these companies felt that staff mobility would increase, though this would not be a sudden or dramatic increase in the short term.

As far as recruiting staff from other EC states was concerned, few companies expected this to increase significantly but they did expect it to continue for suitably qualified European graduates. This feeling was particularly apparent in those companies already using staff mobility. The large majority of companies were more concerned about pay and benefits levels in other member states and virtually all the companies in both surveys carried out some form of pay monitoring, although again this varied greatly in extent between companies. The 1989 EIRR survey of British companies indicated that British companies were more concerned about pay differentials and the authors of this study felt that they were correct in this concern, i.e. that UK employers would be at a disadvantage in terms of competing in remuneration with other member states.

By far the most common initiative in preparing for the SEM in the British companies surveyed was the use of language training, with larger companies already providing language training for some staff categories and poised to extend language training to other staff groups (in particular senior staff and those in contact with overseas agents). Smaller companies were reviewing their language needs and were beginning to introduce training (EIRR, 1989). Language training (usually on a volunteer basis and paid for by the company) was found to be popular with staff. However, the 1990 survey showed that Dutch companies were less concerned with language training, which was accounted to the fact that people in the Netherlands were more 'linguistically adept' than in other EC countries. (In fact, as many as 70% of British 15 to 24 year olds are incapable of holding a basic conversation in a foreign language, in comparison to Luxembourg where over 50% are able to converse in three languages [EIRR, 1990, 18]).

#### **4.2 Pan-European labour mobility**

In the early 1990s, Thom undertook a survey of 248 employers and 5 recruitment agencies across Scotland in order to discover more about firms' experiences of recruiting labour from and losing labour to other EC countries (Thom, 1992). Similarly to Wood and

Peccei's earlier study, Thom found that as far as recruiting from other EC countries was concerned, approximately one third of employers had employed labour from another EC member state and that it was particularly the larger companies (those with more than 500 employees) who were most likely to have recruited from the EC. Employers were less aware of having lost labour to other member states but Thom attributed this low figure (11%) to the fact that companies do not always record where employees go when they leave a company. This experience crossed a number of sectors and did not appear to be affected by company sector. However, as seen above, Thom also found that firms who were involved in some form of collaborative activity with another EC based firm were much more likely to recruit from the EC.

With regard to the type of labour, Thom found that labour entering the UK from the EC was dominated by those in higher level occupations, particularly in management, technical and engineering groups. This was also found to be the case by the recruitment agencies he consulted. Furthermore, evaluation of the categories of staff leaving to go to another member state corroborated this finding. The five agencies consulted stated that flows of workers leaving the UK were from the categories - professional staff, management, computing and technical, sales and marketing and financial specialists.

A variety of reasons were given by employers for employing staff from other EC member states. The most common answer was that this would facilitate trade in the individual's home country (suggesting that overcoming language/culture differences might be an issue for these companies), but companies also cited that the person was 'the best applicant for the job' and filling skills gaps. The intra-company aspect of mobility also emerged with reasons such as staff exchange, internal staff training and overseeing business expansion being given.

As far as assessing the future impact that the SEM would have on labour mobility, companies were divided almost equally over whether the SEM would make a difference or not while all the recruitment agencies believed that the SEM would stimulate labour mobility. Of the companies which thought that the SEM initiatives would make a difference (i.e. would lead to an increase in pan-European mobility) it was predominantly

larger firms which had a higher expectation of change. Thom attributed this to the fact that larger companies would have more sophisticated personnel policies and would therefore be in a better position to judge what effect the SEM might have on their company. Atkinson's (1989) study based on 35 major multinational companies had also shown that companies are concerned with an insufficient level of mobility from their staff in relation to what they perceive to be a growing demand for it.

It is interesting to note that despite assertions (particularly by the European Commission) that the non-recognition of diplomas is one of the greatest obstacles to labour mobility, none of Thom's companies mentioned this aspect as being a block to recruitment. However, he noted that while flows of workers between EC member states are increasingly skilled, evaluation of the evidence on flows to and from the UK suggests that on balance it is mainly UK based employers who are losing highly skilled manpower.

#### **4.3 Pan-European graduate recruitment**

One of the central themes in Thom's study was the extent to which companies were already experiencing the movement of qualified staff between EC member states by having recruited staff from, or lost staff to, other European countries. His study showed that a significant number of companies had had some experience of employing European staff members - though it should be remembered that these staff had not necessarily been directly recruited in other EU member states. Other authors have not found many examples of companies which recruit directly in the EU, but have nevertheless suggested that in view of the forecasted shortages of skilled graduates in some sectors in the 1990s in the UK and other European countries, employers would increasingly be looking to this European 'pool' of graduates for their recruitment needs. It has further been hypothesised that in this case, graduates with the required shortage skills plus the necessary language skills would be at a premium (IDS/IPM, 1988).

As a result, a number of studies have looked at graduate recruitment policies in the lead up to the SEM and have asked whether employers' policies will become more 'European' particularly in the light of the projected graduate shortages in some skills areas. The

consensus of opinion appears to be that companies are not yet doing that much to alter their graduate recruitment policies.

In their study on the graduate labour market in the 1990s, Pearson and Pike (1989) note that some British and European companies are recruiting in Europe and Britain respectively in order to internationalise their organisations and to alleviate skill shortages. They note that skill shortage areas are particularly likely in the high skill/technical and some service areas. The demand is therefore likely to be greatest for those with higher educational qualifications. While there are obviously some companies which appear to be successfully recruiting on a pan-European basis, Pearson and Pike point out that UK employers wishing to recruit European graduates should be aware of a number of factors which may complicate European graduate recruitment. Principally, they note that -

- European graduates are likely to be different from UK graduates in that the structure of European courses leads to older graduates, who are likely to be both more capable and mature than UK graduates and so require different induction courses and higher starting salaries.
- where should recruitment take place? The British 'milk round' allows employers access to graduates, in Europe recruitment is more likely to take place through more general national employment services and they note that European graduates also make greater use of personal contacts with academics, links forged through work placements and direct advertising in national and professional papers than in the UK.
- how can the quality of candidates and their institutions be judged.

In conjunction with evidence showing that in the flows of highly skilled workers between the UK and the rest of Europe, the flows are more likely to result in a loss of highly skilled workers from the UK, Pearson and Pike (1989, 37) conclude that "*European graduate recruitment is not going to be an easy solution to UK shortages*". Evidence from the IDS/IPM (1988) study also highlighted incompatible higher education systems as being a barrier to pan-European graduate recruitment, while Atkinson (1989) notes that pan-European graduate recruitment appears to be of growing interest in many companies but that very few companies had successfully recruited EC graduates for

employment in the UK. Pan-European graduate recruitment therefore appears to remain an intention rather than a fact in most European companies.

Other studies confirm the view that although companies may now be talking more about looking to Europe to recruit, this has still to be translated into practice. In particular, the Eurobusiness (1989) survey on pan-European recruitment notes that even as far as UK recruitment goes,

*“Few companies have a properly structured recruitment policy for attracting young newly-qualified professionals, and even fewer have adapted their policies to embrace the whole of Europe” (24).*

In the Eurobusiness survey companies were asked to identify what they felt would be the greatest barriers to free movement in the SEM. They identified -

- language (it was felt that Britons were particularly disadvantaged in this regard)
- pay expectations (a wide disparity between European countries)
- tax differentials
- cost of living differentials
- cultural differences (but it was noted that these should reduce as companies pay more attention to this aspect of their training packages).

Some areas of Pearson and Pike’s research were confirmed by another study of graduate recruitment in the SEM. Keenan (1992) surveyed only British and French companies and found that less than one in five of all the British companies surveyed (137 companies) were currently recruiting EC graduates in significant numbers while 45% of French companies surveyed (out of a total of 62) were doing so. Furthermore, it was predicted that French companies were very much more likely to increase this activity in the future (60%) than British companies (40%).

Keenan noted that both British and French respondents felt that in order for skills to keep up with changing industry demands, the content of higher education training would need to change; British and French respondents agreed that significant changes needed to be

implemented in the disciplines of engineering and business studies, and French respondents felt that significant changes also needed to be made in science and arts disciplines. Further, there was a consensus that increased language training and work experience abroad would be desirable for graduates.

This evidence supports Pearson and Pike's view that UK companies have little interest in recruiting continental graduates, while French companies appeared to be giving much more consideration to the pan-European recruitment of graduates and considered the *"Eurograduate as having a different profile from the graduates of the past"* (Keenan, 1992, 492).

Further, in Wood and Peccei's (1990) study companies' personnel departments were seen to be concerned about labour mobility in the SEM with regard to the competition for and retention of skilled employees, but despite this concern the majority of companies did not have a policy to actively recruit personnel from other EC countries for their UK operations, though some stated that they planned to begin this practice within the next three years (though evidence suggested that firms were recruiting UK staff with skills in EC languages).

In summary, it would appear that while companies feel that the potential is there for recruiting from Europe, in reality apart from a very few advanced companies (a handful of which are cited in a perhaps overly upbeat article in the *Investors Chronicle*, 1990) most companies do not yet have the structures or policies in place to begin to recruit on a European wide basis.

#### **4.4 Human resource issues**

It has been seen that the combined effects of advances in technology leading to the spatial rationalisation and internal restructuring of major companies (globalisation) have led to a sea change in company expatriation policy in recent times. This has taken place separately from the development of the SEM, though many authors feel that in raising the



issue of employee mobility, the SEM has nevertheless prompted companies to think further about their mobility policies.

Expatriation can be classified into distinct stages; the traditional 'expat' scenario - whereby employees were posted to far-flung foreign locations for most, if not all, of their career - is now virtually a thing of the past (Brewster, 1991). Company expatriation policy has now passed into a new distinct stage of employee mobility whereby potentially mobile staff are encouraged to consider international mobility as an unexceptional occurrence and one which, although strategically of great importance to the company, will not be compensated in such generous financial terms as in the past (Le Monde, 11/5/95, 1).

For a large number of companies, international assignment is now much more likely to take the form of relatively short term stays abroad undertaken by a much broader spread of employees than the traditionally 'contractually and culturally distinct expatriate cadre' (Atkinson, 1987, 113). However, although this sea change has eliminated some of the problems traditionally associated with long term expatriation (such as workers 'going native' i.e. supporting the local company's demands over the home company; difficulties in reinserting workers back into the home company; high costs [Atkinson, 1989]) it has at the same time created new problems for companies. In a major study of the management of companies' expatriation, Brewster (1991, 24) notes that this change from old style expatriation to newer methods means that -

*"For the multinational corporation the problems of managing expatriates have become greater rather than less".*

According to Brewster's findings, these difficulties revolve around the companies' relative inexperience in managing the whole process of relocation of workers within this new framework. While the old style 'expats' would be posted away and then left to their own devices, the new style expats involve a much greater level of home and host company management. This raises issues about the structure for managing employee mobility, how best to select employees for assignment, how to manage the posting in terms of pay and benefits levels, how to monitor the performance of employees once on

assignment, and very importantly, raises further issues on how to repatriate them back into the home company.

#### **4.5 Why do companies require mobility?**

##### **i) Company motivation**

In a major study of the demand for and supply of mobility from managers and professional staff in seven UK employing organisations, Atkinson (1987) found that the particular demands for mobility were determined by the physical and organisational structure of the company. In the large companies involved in his survey, demand for mobility was likely to be determined by the following factors -

- to plug skills gaps (i.e. staffing needs)
- for career development (either 'self-steer' or administered) - for the development of key personnel (generally senior managers) to enable them to gain a broader perspective of the organisation's activities
- for business reorganisation (opening and closing of sites) - to move senior management to ensure the strategic coherence of (usually) new operations and to ensure consistency in practice across the organisation
- to transfer technology - specialists becoming mobile to oversee the implementation of new processes or the production of new products.

Atkinson found, however, that companies had difficulty in quantifying their future need for mobility which was mainly the result of inadequate records being kept of past mobility. This meant that it was difficult for companies to judge accurately their future needs for mobility and to therefore influence the expectations and attitudes of the workforce. The lack of sufficient record keeping was re-emphasised by the lack of feedback being sought from employees who had been mobile with regard to their feelings on the relocation package and other practical considerations. Without requesting this feedback it would be difficult for companies to revise their policies.

Though most of Atkinson's study looks at employee mobility from a national perspective, there is evidence to suggest that much of his study can be applied equally well to the international business environment. Other authors have found similar corporate needs for mobility by companies established on a pan-European basis. The IDS/IPM study, for example, showed that companies demanded pan-European mobility from their employees in order to achieve greater divisional coherence across Europe, to expand business and break down barriers between divisions and for management development of staff (IDS/IPM, 1988; see also Brewster, 1991; Forster, 1990).

## ii) Employee motivation

Although international assignments are highly individual, and the factors to be taken into consideration by the relocatee depend to a large extent on the length and rationale for the assignment, it has been seen that in migration theory, 'pull' factors are usually at the forefront of a worker's decision over whether or not to accept an international assignment. Highly skilled employees consider that an international assignment will present them with :-

- an improvement in career prospects
- new work experience
- a higher salary in new job

These clearly support established theory in that wage differentials are the greatest pull factor for mobility as all three of these reasons might arguably lead to higher wage possibilities in the medium to longer term (Brewster, 1991; Atkinson, 1987).

There is also some evidence to suggest that employees who have successfully undertaken a foreign assignment are more likely to accept future assignments, though their reasons for undertaking the assignment change. For instance, in subsequent assignments career considerations are less likely to be such a high motivating factor as workers now have more insight into the company's reasons for the assignment and understand that enhanced career prospects will not necessarily result from the assignment. As a result, the basis

upon which workers accept subsequent assignments are likely to change. Brewster (1991) has suggested that the destination of the assignment is a more motivating factor in the decision to accept a second assignment.

#### **4.6 Who undertakes international assignment?**

##### **i) Worker categories**

Of all highly skilled international migrants, it has been suggested that a major subgroup are those who work for multinational companies. It has been argued that this subgroup is composed of a detached élite who can be identified by their international mobility and high incomes. Other subgroups might be classified into those who have supporting roles, i.e. junior managers who are often the recipients of co-ordinated career development programmes and other quasi-independent professional and technical workers (including consultants) (Salt & Ford (1993).

The IDS/IPM (1988) survey found that mobile workers were now no longer likely to be traditional expatriate managers but a new type of mobile employee, particularly managers gaining international experience, and specialist technical staff and professional staff. They also discovered that permanent transfers of staff were becoming more common (i.e. that a post in a host country would be filled by the home country employee on a permanent, not expatriate, basis). This had been prompting companies to reassess their mobility and transfer packages and to develop a new European framework for these mobile staff. This concurs with the view put forward by Salt (1992a; 1992b) that international corporate mobility cannot increase for ever.

Atkinson (1987; 1989) also found that in broad terms companies expected there to be an increase in demand for mobility from certain sectors of their staff -

*“among some of the groups who have traditionally been expected to be mobile, there has been an increase in the intensity of that expectation. So, groups such as high flyers, specialists and senior management have seen an intensification of the demand placed on them to be mobile. As a result, they may be required to move more frequently to pursue a*

*given career than in the past; they may be required to move further afield than previously; they may need to accept foreign postings” (Atkinson, 1987, 24).*

This suggests that it is only particular categories of staff who are likely to be increasingly mobile. This is corroborated by the IDS/IPM (1988, 31) study which also notes that numbers of internationally mobile staff are still small -

*“With the exception of the very largest manufacturing firms most of these companies are currently moving a few dozen managers and technical specialists around Europe at any one time. Marketing and sales people usually remain country-based and are only transferred where the quality of local staff appear to be poor” .*

This is confirmed by evidence from Atkinson’s (1987) survey of some 6200 mobile professional and managerial workers which suggested that 30% of workers had been relocated nationally by their employer in the past ten years, while less than 6% had undertaken an international move in that time.

There is evidence to suggest that there is a marked distinction in the demand for mobility between company sectors; service companies often have a number of mobile staff while technical companies transfer staff on a smaller scale but the staff in question are more likely to be specialist workers. In particular, technical companies such as computer companies, have a high demand for mobility from highly specialised categories of staff sometimes necessitating transfers at extremely short notice (i.e. a few hours notice) (IDS/IPM, 1988).

## ii) Personal circumstances

It is difficult to build a picture of relocating workers’ personal circumstance but again, the existing research appears to point tentatively to some conclusions. In his CRAN 1 survey, Brewster (1991) found that about half of relocating workers were married and a further quarter had children. He established that mobile technical specialists tended to be younger and more often single than other categories of worker. Furthermore he found that company mobility happened in two waves; the first wave were mobile in their late

20s/early 30s for developmental positions in the lower hierarchy and for technical moves, while a second wave were mobile in older age groups for moves to critical 'chief executive' type positions (prior to moves up to board level).

Further evidence from companies supports this finding. In their survey of multinational companies, Derr and Oddou (1992) found that companies internationalise their managers in two distinct career stages. The first is the development of the younger manager who is sent on an international assignment with a view to training him for future positions in the company. These managers are often young (i.e. between the ages of 26 to 32) when they are 'psychologically flexible' and are either not married or have a partner but only young children who are not problematic to an international move. This was corroborated by Atkinson (1989) who found in his survey that international exposure is likely to occur early in typical career paths. His company respondents favoured international assignments for high flyers between the ages of 25 and 30. In addition, Atkinson (1989, 57) suggests that, *"if the posting is seen as a test as well as an opportunity, then it is obviously sensible to test people earlier rather than later"*.

The second phase is the 'internationalisation' of senior level managers but as they are often more problematic to move on a two to three year international assignment (due to considerations such as older children, spouse's career etc.), they are more likely to be sent by the company on long business trips (up to six months) and use other methods such as teleconferencing.

Atkinson (1987) also found that mobility correlates with qualification: in his survey, over half the graduates had moved in the past decade compared to a third of non-graduates. This is logical, for the reasons examined in section 3.5, i.e. that it is the more highly educated who are likely to have the specialist skills which companies need to maximise and it is also these graduates who are more likely to accept an international assignment as they are less attached to their home locality through having attended a higher education establishment.

Atkinson's survey also showed that nationally mobile workers were more likely to be male than female, though a sizeable proportion of women were also mobile. This is not yet the case for internationally mobile workers. With regard to international assignments, though the figures are not exact, the consensus of opinion is that the vast majority of internationally mobile workers are men. Brewster (1991) found that as many as 98% were men, while at the lower end of the scale Forster (1990) cites a figure of 89%. Other authors are situated in the middle of this scale (the Commission [1995a] and the ORC/CBI [1992] cite 95% men).

#### **4.7 The search for Euromanagers**

In the last few years, much of the literature on companies in the SEM has centred on the new management techniques that may be required in order for companies to compete successfully on a pan-European basis. In particular, opinion is highly divided over the issue of 'Euromanagers', with some observers convinced that highly European-minded managers would emerge as a separate and distinct new type of management cadre. Others have been sceptical of this concept.

In a strongly argued article, Tijmstra and Casler (1992) suggest that European business is pitted against two economic giants - the USA and Japan - and that in order to compete successfully, a new model of European management must be developed. They support the view that a greater level of mobility will be required in the SEM, *"Europeanization processes in the 1990s will move more men, women, products and capital across borders, leading to innovative business practices and new patterns of management"* (Tijmstra & Casler, 1992, 31). In particular they believe that with the growth in what they term 'high intellectual content products' mobility will be required increasingly from highly skilled and educated professionals who, in addition, have the requisite 'European' management skills. Further, they note that in the integrated, multicultural market managers will need to develop a new 'transnational' outlook in order for businesses to compete.

With greater European member state integration, Tijnstra and Casler believe it will be possible for companies to reap economies of scale by the transnationalisation of many business functions and they highlight the increased number of mergers, acquisitions, joint ventures and strategic alliances which were effected in the lead up to completion of the SEM in 1993. They argue that in order to manage these transnational alliances, managers will require greater international awareness and cross-cultural competence than previously. This will result in a different management style because European companies will require these international or 'European' managers at all levels in the organisation, and not just in top management and boardroom positions.

In particular, Tijnstra and Casler assert that the European manager will have five characteristics which will distinguish him/her from other international managers -

- an ability to comprehend the cultural, social, political and economic complexity of the European business environment
- an ability to manage innovatively in order to span borders and cultures
- an ability to build commitment to a corporate identity by all members of the organisation whatever their original cultural values
- an ability to win the support of 'national' stakeholders in the company's different countries of operation
- an ability to accept and pursue transnational mobility to achieve a European career path

(Tijnstra & Casler, 1992, 33).

However, it has been argued that the Euromanagers' 'unique' skills as outlined by these authors are not in fact a particularly European phenomenon and are already possessed by top managers at most multinationals, not just European ones. In fact, in response to the Euromanagers hypothesis, an article in the Economist (7/11/92, 109) notes that top managers in subsidiary operations of European companies are just as likely to be local nationals who know their markets well, while "*many companies are still reluctant to promote non-nationals to the top of the corporate ladder*".



Others suggest that there is a common, middle ground. While acknowledging that “*The Euro-manager may not be any different to the international manager*”, Sparrow and Hiltrop (1994, 406) note that to manage effectively across European national borders managers may need some additional skills in order to cope with the cultural diversity and different management styles contained within Europe. In summarising the extensive literature on this topic, they conclude that the additional skills needed by effective Euromanagers might include -

- technical skills with regard to European laws and regulations, international finance, marketing and strategic awareness
- gathering and handling information from new sources and outside immediate business concerns
- the ability to deal with nationals from other European countries and understand the basis on which they behave
- cross-cultural sensitivity, an awareness of their own culture, good communication and interpersonal skills
- an ability to work in international teams
- high task orientation and self-reliance
- adaptability, management of change skills and linguistic abilities (skills in at least two European languages)

(Sparrow & Hiltrop, 1994, 407).

In reality, while other authors broadly support this view, i.e. that managers will increasingly require at least international skills and experience, in reality a survey of 105 multinational companies showed that though companies recognise the importance of international expertise for their managers, the majority of companies have no written or verbal strategy for achieving this (Derr & Oddou, 1992) and it has been pointed out that the cost of such a strategy is a further disincentive for companies (Financial Times, 7/10/98, 17).

#### **4.8 Selection criteria and procedures**

A good deal of research has been carried out into companies' selection criteria and procedures for international assignment. These two issues are covered separately in this section. Selection criteria are usually understood to mean the personal characteristics that a worker should possess in order for him or her to successfully undertake an assignment. The selection procedure refers to how a company decides who should become mobile and the process that then ensues to ensure that this worker is ready and in a position to undertake an assignment.

##### **i) Selection criteria**

There is a large body of work establishing the qualities to look for when choosing employees for international assignments. Some experts suggest that companies use psychometric tests to determine whether individuals have the resilience and adaptability to succeed in an international context. Others suggest that ideally, the potential mobile worker should be able to work independently, be curious and adaptable (Planté, 1993) though exactly how companies should test for these qualities in their employees is less clear. Other observers have their own opinions about what characteristics the ideal candidate should have (see Coyle & Shortland, 1992; Financial Times, 10/7/96, 9). The consensus of opinion among observers is that simply selecting candidates on characteristics such as superior intelligence and self-confidence may not adequately predict an individual's performance once on assignment.

From his previous research, Brewster (1991) discovered the qualities that were most highly valued by European companies in their international assignees. These were technical expertise, language abilities, family support and development potential. (The weighting tended to vary according to company sector, with 'technical' companies such as chemical and airline companies consulted in this study tending to attach greater importance to technical ability).

However, Coyle and Shortland's (1992) more theoretical research suggests that the ideal qualities for an international assignment must be determined using selection criteria which are in turn determined by the conditions affecting the particular assignment including: the length of the assignment; the country of posting (third world or developed? a political minefield or a supportive corporate culture?); whether the worker will be required to manage local nationals or slot into an established management team and so on. Interestingly the same authors suggest that assignments to western cultures may require a good deal of social interaction by the employee and his/her spouse, as there is unlikely to be an established 'expatriate community'. Furthermore, *"there is no expectation of difficulty by the home country or the host management; lack of preparation followed by lack of support can leave the employee and family feeling isolated and let down"* (Coyle & Shortland, 1992, 87). In addition, although many observers in recent times have been disregarding the effects of culture differences across European member states for international assignees, the evidence discussed above suggests that these are not negligible and should be considered as an additional factor in an international relocation.

## ii) Selection procedures

Coyle and Shortland suggest that there are a number of options open to companies when selecting employees for overseas assignment. Employers may ask/tell an individual to relocate; allow employees to apply for posts advertised internally (also referred to as the 'self-steer' approach by Atkinson (1987); use the annual appraisal process to identify potentially mobile employees or use formal career pathing structures (Coyle & Shortland, 1992, 85).

Evidently there are a number of advantages and disadvantages in each of these methods. If the employer 'chooses' an employee then it can pick the person with the most appropriate skills for the assignment. However, it may mean that the 'ideal' candidate is unprepared for an international move and whose domestic circumstances may complicate a move. On the other hand, allowing employees a self steer approach may not result in the employer getting the worker who is the most technically qualified or suitable for the

job, though there is in this case more guarantee that the employee is willing to undertake an international assignment (hopefully, it may be assumed, with the support and agreement of his family).

Using an annual appraisal or formal career path planning are both ways in which employees can be identified and prepared for international assignments and in this way, assignments can be planned in advance. However, while these methods of selection are appropriate for assignments intended as part of career development, they are unlikely to be suitable for assignments of other types, e.g. plugging a local vacancy or sharing technical expertise where some one will need to be in position quickly.

The research carried out by Coyle and Shortland also suggests that the 'transferability' of the worker's family should be taken into consideration by the company prior to settling on a final candidate to undertake the identified assignment. In theory, they suggest that this should include analysis of the spouse/partner's employment, any children and spouse's special needs, children's education, the family's attachments to their family/friends/local community, and how they would cope with a move. They also suggest that the employee's spouse should be interviewed prior to confirming the assignment in order to gauge her/his reaction to it.

While these are no doubt valuable considerations and may indeed contribute to the success of the assignment, one obvious problem with these suggestions for best practice is that companies may not always have the lead-in preparation time or the available staff resources to carry out this type of in-depth personal evaluation of potential candidates. While the cost of a failed assignment may be high, this potential cost is unlikely in reality to persuade companies to devote the necessary resources to the full pre-assignment preparation process outlined by Coyle and Shortland. Furthermore, there is little evidence to suggest that companies are implementing this type of 'family screening'. Brewster (1991) found that most companies were happy with their selection procedures which were founded on a mixture of methods, using different information sources and mechanisms for recruitment.

#### **4.9 Responsibility for the assignment**

In his study, Atkinson (1987) found that on a national level there was often no clear managerial responsibility for relocation with various aspects being dealt with by different company departments. For instance, the relocation itself would tend to be the responsibility of the manager who generated the demand, but the relocation package would be dealt with by the personnel/remuneration department. Atkinson noted that with regard to international relocation this aspect tends to be better managed. Other evidence however, suggests that on closer examination international mobility presents a number of other complex problems to companies, discussed in later sections of this chapter.

Equally, Brewster (1991) found in his study of international employee relocation that there tends to be a number of differing situations in companies from one extreme where the personnel department takes all responsibility to the other extreme whereby it is the line management's sole responsibility. However, he found that the most usual situation was that responsibility for the assignment was shared by personnel and line management. This is a difficult issue in companies; line management may feel that they are in the best position to judge when and how an individual should be released for international mobility but as Brewster points out, international mobility is very costly to the company and line managers have an eye on the bottom line. While line managers are able to ensure that the assignment fits in with other business strategies, the complexity of foreign assignments mean that personnel involvement is needed for contractual expertise and often for support to the relocating worker.

What appears to be clear is that a greater personnel role is inevitable if the best individuals are to be selected and sent on assignment. It is obviously unacceptable for a line manager to retain his best individual if this is also the best person to undertake the assignment. In this case, Brewster notes that the personnel function is required to cut across all departments to lend coherence to the mobility policy. However, from his research, he found that -

*"the expatriates themselves still have many criticisms of personnel departments, which they see as being, in many cases, out of touch with their problems"* (Brewster, 1991, 37).

In many companies, there are likely to be so few workers on assignment at any one time that the personnel department knows each one individually and is familiar with their particular personal circumstances. However, there is the potential for greater problems where there are more people on assignment, or where the company does not have a sufficiently skilled personnel function to deal with international personnel and relocation issues. It has been shown that it is essential that personnel departments are given the human and financial resources to provide adequate help with international mobility, not only on the financial side but on the practical side too (Forster, 1990). Clear empirical evidence shows that mobile employees are generally happy with the financial package made available to them but still require more practical support with their move (see section 4.11).

#### **4.10 Length of postings**

Brewster's (1991) study showed that British multinational companies (MNCs) tended to send workers on assignment for just under three years on average. Other studies have found similar timespans (Atkinson, 1989).

Though many authors feel that less problems are likely to occur in shorter term assignments, Brewster nevertheless highlights some problems with such short term postings. He notes that workers are generally less effective in the 'settling in' period at the beginning of the assignment and at the end of the assignment (when they have psychologically and practically started to prepare for the return home). They are therefore at their most effective in the middle part of the assignment. Thus, when assignments are shorter term, the period of optimum performance level is also relatively shorter. In Brewster's view, fewer longer term assignments are therefore more effective and productive than a greater number of shorter assignments. He does concede however, that with shorter term assignments the problems of reassimilating the worker back into the home company are less pronounced.

The drawback with Brewster's argument is that while this 'optimum working time' may be true for very senior level managers who need to get a good feel for the local company

before being in a position to make significant changes or introduce new methods to the local workers, shorter assignments are likely to be perfectly adequate for other types of posted worker. For instance, where technical staff are required for knowledge sharing, the worker is unlikely to need (or be given) as much time for ‘getting a feel for the place’ before being able to carry out his assignment.

#### **4.11 Preparation for assignment**

Researchers have failed to reach a consensus on what companies are doing to prepare their potentially mobile workers for assignment, though Brewster’s view (1991) is that this is because companies are doing very little in terms of preparing employees for assignments despite the high costs to companies of international assignments. In his survey of 25 European MNCs, Brewster found that only 10 offered any sort of preparation or training for the assignment. This preparation tended to focus primarily on the practical issues of living in the foreign country (food, customs, local laws etc.) and often involved some element of cultural training.

Much more common among European companies is the provision of language training. This appears to be offered by the majority of companies to relocating workers, and very often also to an accompanying spouse. In the Brewster survey cited above, 23 out of 25 companies offered language training. Languages were also found by the IDS/IPM study to be a prominent, though unproblematic, issue for companies. The level of demand for language ability differed across the companies studied (technical specialists tending to encounter slightly less difficulty) and larger companies were often the best able to cope with this demand having both a greater number of staff with language abilities and more resources to devote to language training where it became an issue. Furthermore, *“There is little sign of resistance to learning languages from employees”* (IDS/IPM, 1988, 37). Therefore, while language capabilities were obviously considered by companies to be a vital element in the success of an international assignment, it was also an area that companies felt relatively well equipped to deal with.

However, companies do not always appear to question the type of preparation required by their potentially mobile employees. Atkinson (1987) has suggested that in view of the

problems of relocating workers internationally, companies should pay more attention to issues such as culture, remuneration and benefits, particularly when the worker is undertaking an assignment in a joint venture where the employee does not have the corporate culture of the company to smooth the path. Atkinson notes that companies need in particular to pay attention to the employees' domestic circumstances.

Evidence from Forster (1990) and Brewster (1991) suggests that employees undertaking international assignments often do not feel as though they receive adequate preparation from their company. Furthermore, they did not feel adequately prepared for what to expect in the host company and felt that their own home personnel department had not given them sufficient support for the transition. A particular criticism of company policy was that employees did not feel they were given enough notice prior to the assignment in order to arrange personal affairs and that the preparation given by the company tended to be inadequate or irrelevant. Evidence from Forster's study of career development, job mobility and relocation in three major companies confirms this view. He found that the longer the notice period the easier it is for employees to wind up their old jobs, prepare personal affairs and prepare for the new challenge. He comments that, "*advance notice helps employees to maintain a sense of direction, autonomy and control*" (Forster, 1990, 28), all of which are factors in facilitating job relocation.

#### **4.12 Compensation package**

Research shows that this is an area that has received a good deal of company attention in line with the evolving nature of international mobility in companies. Since the development of the shorter international assignment to replace old style expatriation, the nature of the compensation and benefits package offered to relocating employees has changed. One of the driving forces behind this change has been to reduce the cost of moving workers internationally. The compensation package now needs to encompass two rather contradictory elements; firstly, it must be generous enough to ensure that the right quality of staff are attracted to the international assignment and that once on assignment the employee feels fairly compensated for the upheaval of an international assignment; at the same time it must be easily integrated into the company's human



resource policy so that pay scales fit into both the host and home country's salary and benefit levels (Brewster, 1991; Atkinson, 1987). This is a difficult balance -

*"The organisation has to set the overall policy package at a level which will attract good employees to work abroad, but at such a level that it will not penalise those who do not work abroad or make it problematic to reintegrate the employee on return. This is a fine line indeed."* (Brewster, 1991, 67).

Similarly, Atkinson considered compensation packages not as an incentive or disincentive in the decision to move but rather as 'a hygiene factor'. However, in trying to overcome workers' constraints to mobility, companies appeared to be attaching a great deal of importance to relocation packages and in particular to those being offered by their competitors -

*"There is a very widespread tendency among personnel managers, responsible for getting it right, to huddle together for warmth. Thus sideways comparisons with what other employers are doing are far and away the most frequent means of assessing whether the package is right"*. (Atkinson, 1987, 98)

In Atkinson's view, this is the very last way in which employers should be trying to reassess their packages. However, the most valuable and perhaps logical way of assessing the package - asking movers for their feedback on it - was virtually never used. This lack of formal debriefing and feedback from employees was also highlighted by Brewster (1991, 83) who notes that, *"it would not be unfair to suggest that considerable weight is given to the 'gut feel' of specialist personnel or senior line executives at headquarters"*. This goes some way to explaining the partial understanding that human resource specialists have of relocating workers' concerns and requirements.

Forster (1990) suggests that companies seek to establish what relocating workers need by undertaking a 'mobility audit' in the first instance. Companies also need to encourage employees to give feedback or ask for additional help, in particular to combat the notion that reporting problems to employers is seen as a sign of weakness by employers. Greenbury (1988) has in particular highlighted employees' reticence to report difficulties regarding a working wife. As she points out, *"It is all too easy for organisations to*

*assume a problem does not exist if no one mentions it*" (Greenbury, 1988,4). In addition, Atkinson felt that a simplification of relocation policies and packages would be of benefit to movers, 'inch-thick slabs of regulations and amendments' were not acceptable.

This raises an interesting point: while evidence suggests that companies' human resource managers feel that the company should not become involved in employees' personal arrangements in relocating internationally as the personal issues involved in job moves are considered to be the employees' concern, in fact Forster (1990) has found that employees themselves would often like more help on a practical level from their company. Atkinson (1987) found that while every two movers wanted more money, every three wanted more practical support with a move (more information about the destination area, more time off to organise the practical aspects etc.) in contrast to many personnel managers' impressions that employees would not appreciate the company's interference in this personal aspect of relocation.

A further point highlighted by Brewster (1991) in relation to assignment salary setting is that once on assignment, employees may be in a position to compare salary and benefits levels with colleagues, or with people carrying out international assignments for other companies. Thus companies need to ensure that the comparison will not be unfavourable. Evidence suggests that companies do make efforts to keep salaries broadly in line with those of equivalent host country employees. Furthermore, Brewster's study focused to a large extent on international moves (rather than pan-European moves) of predominantly senior managerial workers. Salary issues for purely European moves are unlikely to be as complicated as those for worldwide moves as differences in living standards across Europe are not as marked as international differences. In reality, the amount of salary and benefits accorded tends to depend on the personal circumstances of the employee and the particular framework developed by the company.

As far as non-salary benefits are concerned, the existing survey evidence showed that most companies relocation packages covered some or all of the relocation expenses incurred in the move; education for children, housing, medical cover, transport, expenses etc. with actual provision varying according to company policy and to the individual

employee's personal circumstances. Some companies paid for accommodation, others expected a contribution from the relocating employee toward accommodation. However, most companies appeared to avoid involvement in what employees did about their own homes during the assignment because of the potential difficulties if anything went wrong. Some companies also paid a mobility premium of approximately 10% of salary to the worker (IDS/IPM, 1988; Brewster, 1991).

In broad terms, the general mood of these developing packages appears to ensure that mobility is no longer seen as a way to make vast financial gains but equally, that transferring employees will not lose out by accepting an international move.

#### **4.13 Income related benefits**

These tend to be divided into social security provisions and pension provisions. Companies do not appear to have difficulty with social security provisions, and take care to ensure that mobile employees' home country benefits remain fully paid up in the home country or top these up with private arrangements.

Pensions are a more complicated matter for companies and each MNC handles this issue differently depending on its own company schemes. Brewster (1991) makes two points in relation to pensions; firstly, he points out that the area is so specialised that most companies leave this up to professional actuaries; secondly, that companies attach a good deal of importance to ensuring that the mobile employee does not lose out with regard to pension cover while on international assignment. This is corroborated by evidence from the IDS/IPM (1988) survey which found that companies would go as far as to calculate the length of assignments to avoid too many problems with pensions. The difficulty arises mainly from the regulations stipulating how long companies can keep employees in the home country scheme. If this time limit is exceeded, complicated administrative and financial decisions occur over whether pensions should be frozen or transferred. This aspect of mobility has come under a good deal of discussion – the issues are examined further below.

Other difficulties are posed by the differing levels of benefits employees enjoy across Europe. One of the main difficulties concerns company cars. While many British employees of a certain hierarchical level have a company car this is much rarer in other European countries. Thus companies have to find ways to compensate a mobile worker for the loss of a company car while making efforts to keep the transferred worker in line with the local pay and benefit structure (IDS/IPM, 1988).

#### **4.14 Dual career couples**

In the early 1990s, the ORC/CBI carried out a survey in 52 European companies of the international mobility of workers whose spouse/partners have their own careers (ORC/CBI, 1992). This highlighted a number of issues with regard to dual income couples concerning the effect on the international assignment of the partner's career. The study again supports the view that the number of internationally mobile workers is set to increase as *"companies seek to develop a larger global market and require the skills and talent of their high-flyers to ensure success in the global arena"* (ORC/CBI, 1992, 9). Other authors unequivocally support this view - *"It is certain that international mobility will increasingly feature in the working lives of British managers and, equally important, the lives of their (working) partners"* (Forster, 1990, 27).

The ORC/CBI study confirms that the majority of mobile workers is still men (they estimate that 95% of all relocating workers are male) but believe that the numbers of internationally mobile female workers are set to increase. They therefore suggest that the notion of the 'trailing spouse' is about to change (a view supported by Coyle & Shortland, 1992).

The key issues highlighted in this study are the difficulties faced by accompanying partners when moving internationally - for dual career couples these difficulties revolve around work permit restrictions in the host country and lack of suitable employment opportunities, cultural and language difficulties and the financial implications of having to give up a career in order to accompany a relocating partner along with the potential adverse long-term effect that this may have on their partner's career.

While the ORC/CBI survey suggests that a large and growing number of companies believe that the dual income issue is likely to become an increasing problem, it does not yet appear to be an obstacle to employees' acceptance of assignments. However, it does appear to be featuring increasingly highly in employees' decisions to accept assignments. Despite this growing awareness by companies of this phenomenon, few companies are taking steps to address it in practical and financial terms. While 62% of companies in the survey stated that they provided either formal or informal assistance to working spouses, on closer examination this mainly consisted of language tuition (12 companies), followed by assistance with work permits and job searching (4 companies each). None of the companies offered full compensation for loss of spousal income and only two offered partial compensation.

In contrast, American companies appear to be a step ahead of their European counterparts. Some American organisations have realised that a working 'trailing spouse' needs more recognition and better, more appropriate support prior to the move. The result is 'spouse employment assistance'. This may consist of training programmes, workshops and appraisals to help employees' partners (Greenbury, 1988). While recognising these measures, Greenbury suggests that additional information could also be made available about local employment laws, recognition of qualifications, community projects and self-employment and partners can be put in touch with career counselling agencies, job search agencies or other networks. She suggests that this would not have to be overly burdensome on companies - the work could either be undertaken by an extension of the existing personnel department or could be contracted out to a relocation agency, some of which are already being used by companies. This assumes, however, that there are established and dedicated personnel within the home company to deal with international relocation of employees and that sufficient resources can be made available to provide this additional assistance to the working spouse, something which should perhaps not be automatically assumed, even in the larger European companies.

Of course, in view of the expense of relocating workers it is unsurprising that companies are reluctant to increase their costs by compensating for lost 'dual career' income. While dual careers are not the reason for key workers' refusal to accept international assignment

there is no reason for companies to compensate for the loss of a second income. It will, however, need to be addressed if the growth in dual career couples begins to have a real effect on acceptance of international assignment.

#### **4.15 Difficulties for companies**

##### **i) Returning workers**

From her detailed study of worker repatriation in multinationals, Johnston (1991) indicates that returning home at the end of the assignment is not a straightforward matter of repacking bags and slipping back into a job in the home company. Problems occur both for the company and for the returning individuals (Johnston, 1991).

One of the principal problems for companies with regard to international assignments of the type discussed above, is finding suitable jobs for returning workers within the home company structure. This has become a particular concern as organisations rationalise their workforce and jobs become fewer. It is often difficult for the company to find any position for the worker who may be returning to the home company after several years absence, much less one which the worker now feels he should occupy (workers' expectations are discussed below). This is a very widespread problem; in Johnston's survey of 29 UK multinational companies, an overwhelming 75% of companies stated that they had had difficulty in finding jobs for returning workers at some point with 41% of companies stating that they had made repatriates redundant because no suitable job had been available (1991, 106).

The degree of difficulty depends to a large extent on what type of assignment has been carried out. If an employee was specially picked for the assignment for the purposes of professional development then a plan has usually been developed by the company to encompass the continuing upward progression of this worker. However, in the case where a worker has been carrying out an assignment for the progression of the company (the majority of cases), this can cause difficulties upon repatriation. Johnston (1991, 105) notes -

*“Managers who undertake international assignments for staffing purposes, to fill a vacancy where no local staff are suitably qualified, start up new ventures, train local nationals, or transfer technical expertise, do so on a more informal basis, which is more likely to lead to problems on repatriation”.*

Finding jobs for returning workers may be particularly problematic for companies whose workers need to keep up with the latest skills - several years posted away from mainstream developments may mean that the worker's skills are now obsolete (Brewster, 1991). Companies may also find it difficult to manage the expectations of returning workers, who may feel that they should now be occupying higher positions by virtue of their international experience.

Companies' responses to the difficulty of reinsertion have been found to be rather lacking. In some cases, companies give guarantees that a job will be available to the worker on his return (although it may not be the same job he left), but Brewster found that British companies are less likely than others to give such formal guarantees. Companies tend to deal with the situation as it occurs and thus react in a rather reactive manner to worker reinsertion. Some companies have also found that workers are reluctant to leave their more attractive lifestyle in the country of posting to return home (Brewster, 1991).

## ii) Utilising workers' new skills and experience

In carrying out an international assignment, a worker is likely to have gained new skills which he will want to utilise on his return. When this does not happen, it is not only the worker who is losing out but the company also. Coyle and Shortland (1992, 129) point out -

*“Posting expatriates abroad is an expensive business. They cost far more to employ than local nationals. To lose their skills and talents through a poor repatriation policy is a waste of corporate resources”*

They suggest that in order to maximise the use of the employee's new skills the company should plan the employee's return well in advance, going as far as to suggest that a good re-entry programme starts before the employee leaves for the assignment. The return of the employee can then be mapped out in terms of his future position in the home company. However, as discussed above in relation to other of their suggestions for company practice, it is asserted that while this undoubtedly good advice, other research has demonstrated that companies are not always able to plan this far in advance. Advance planning may be particularly difficult where company rationalisation leads to changes in home company structure or to a reduction in jobs so that the company has a different face to the one the employee left. Furthermore, where the company is positioned in a sector that has to deal with rapid technological progress or change, it is very difficult for the company to plan the reinsertion of the worker who is returning after several years' absence in terms of the skills he has retained.

#### **4.16 Difficulties for workers**

##### **i) Mismatch of employee and company expectations**

It has been established that most workers undertaking an international assignment expect that they have been specially singled out for the experience in order to acquire additional experience which will lead to career advancement (Brewster, 1991). Unfortunately, as seen in the preceding discussions, apart from the distinct area of employee development, companies mainly use mobility in order to achieve specific company objectives. Employers use mobility for the reasons outlined in 4.5, namely, for filling vacant posts, for corporate rationalisation or acquisitions, for the sharing of specialist expertise and for career development purposes. This means that the majority of international assignments do not have as their main aim the development of individual employees. Employees on the other hand, view things differently and tend to consider an assignment as a career enhancing step (Forster, 1990).

This mismatch between company objectives and workers' expectations can lead to disappointment and disillusionment in the worker returning from an international



assignment when he does not get the employer recognition and reward for the assignment - in the form of promotion - he believes he deserves (Brewster, 1991). In her study however, Johnston (1991) points to evidence that an overseas assignment can lead to career enhancement for some employees. 24% of companies in this survey stated that career progression was enhanced 'very often' by the experience and 45% stated that it occurred 'often'. However, the explanation for this apparently conflicting data is that in Johnston's survey, company respondents were stating that international experience was considered by the company to be a prerequisite for progression up to senior management positions (i.e. to Board level). Derr and Oddou (1992) confirm that the majority of companies operating across more than one country considered it essential that managers had international experience and perspective before they would be able to progress up to senior management positions. Brewster's evidence however, showed that for lower positions in the company hierarchy international experience has no real effect on career progression.

## ii) Returning home

Brewster (1991) suggests that the worker may also need to make 'psychological adjustments' when returning home. The employee is unlikely to be expecting the return home to be difficult and as a result may find it as hard to reaccommodate to working life in the home company and as he had found it to adapt to the host country - i.e. when he was expecting difficulty. Attempts have been made to establish the geographical areas from which returning workers have to make the most readjustment on their return. Surprisingly, these include advanced industrialised countries including Western Europe. In fact, Johnston (1991) found that psychological adjustments or what she terms 'reverse culture shock' are likely to be experienced when returning workers have to cope with, for instance, an inferior climate or a lower level of disposable income.

Equally, at a company level, readjustment is necessary when the worker does not feel that his assignment, and the new skills that he learned while on it, are adequately recognised or rewarded by the home company. Brewster (1991) notes that other research (Adler, 1981) showed that workers felt that their personal skills had improved through the

assignment, in particular returnees showed increased self-confidence and an improved self image.

This has been found to raise difficulties not only with reinsertion back into the home company (which is a generally little recognised problem in companies and one which few companies take pains to address [Johnston, 1991]) but also creates friction with colleagues and superiors who may not appreciate the worker's experience and may not understand why the returner is complaining (Brewster, 1991; Sunday Times, 20/4/86, 73). In all these possible scenarios, the danger for companies is that the returner becomes disillusioned and bitter, thus giving a poor example to other workers who may be asked to become mobile. Brewster (1991, 94) notes -

*“Overall it is easy to understand why the returner needs considerable confidence and psychological resilience to handle a situation which has often been anticipated as one of triumph and warmth, but which turns out at least as often to be one of complication, confusion and disappointment” .*

In conclusion, it has been noted that multinational companies are becoming increasingly aware of the importance of successfully repatriating workers although they are finding it difficult to find satisfactory solutions. For instance, in some cases, companies may incorporate career development aims into a company driven international assignment. Other companies, rather less satisfactorily, try to prepare departing workers for the possible harsh reality of the return home by pointing out to departing workers that there is no guarantee of a job on their return. Repatriation of workers after international assignments has to a large extent not received the full attention it warrants from companies, though it should be considered, after preparation for an assignment and the assignment itself, as ‘the third element in the process’ (Johnston, 1991, 108).

## **5. The policy framework for free movement**

### **5.0 Introduction**

The principal logic and driving force behind the creation of the EC was to achieve economic prosperity and stability in Europe. The Community's policies have thus traditionally been directed primarily toward economic integration in order to create better living and working conditions for Community citizens. In order to create the conditions for economic prosperity and stability and to work towards creating a single European market, the Community had to ensure the free movement of the four factors of production, namely goods, services, capital and workers, throughout the territory enclosed within the single market. This basic principle is enshrined in the Treaty of Rome and has been reiterated by the treaties amending the founding Treaty.

One of the issues contained within the development of free movement legislation is the extent to which mobility should be permitted or encouraged. Early on in the development of the EC, legislation in the area of the free movement of workers only authorised Community workers to work in another member state if there were no workers available in the national labour markets (known as 'negative' integration, i.e. dismantling barriers and obstacles to mobility). Later, the principle was laid down that workers should be free to circulate and obtain work in all member states without experiencing discrimination on the grounds of nationality (Teague, 1991) (a move towards more 'positive' integration).

Gradually it came to be recognised that simply removing legal barriers would not make freedom of movement a reality for European citizens; in order for citizens of member states to identify themselves as 'Europeans', the fundamental right to free movement and residence in another member state must be a reality, even if the majority of citizens do not exercise their right (Milner, 1994). Though much of the free movement legislation has focused on 'workers', more recently the Commission has tried to shift the focus to 'citizens'. This aspect of the Community's migration policy has received some criticism;

notably that the policy is limited in scope because of this traditional concentration on the free movement of *workers* rather than citizens (Niessen, 1992).

In recent times, the Commission has been concerned that the unification of Europe under the auspices of the SEM project and its potential benefits to citizens - in terms of both a better standard of living and the new opportunities afforded to citizens and companies - should be made more clearly visible to individuals living in the member states. Community action and legislation particularly on the recognition of diplomas and qualifications has helped to create the conditions for free movement for all EU workers - and citizens - and to ensure that people are able to take up their right to circulate throughout all member states. Furthermore, most recently, the Commission has undertaken a number of new projects such as the reform of SEDOC, the launch of the Citizens First campaign, and the setting up of the High Level Panel on free movement in order to look at ways of breaking down the remaining barriers to free movement and to encourage citizens in all member states to identify more closely with the European Union.

This chapter looks at the legal basis for free movement as set down in the various legal instruments. The aim is not to give an exhaustive account - the legislation regarding the free movement of persons in the EU has been thoroughly documented elsewhere and takes up volumes of work - but to show the foundations upon which free movement is based and to look at some of the pertinent issues with regard to skilled workers and other categories of potentially mobile citizens. This chapter will demonstrate that although much of the legislation for free movement is in place and that major achievements in this field have been made, there remain areas of difficulty with regard to free movement.

## **5.1 The first steps**

The first steps towards guaranteeing the free movement of certain classes of worker were taken by the Treaties establishing the European Coal and Steel Community and the EURATOM treaty on nuclear energy. Article 69 ECSC required member states to remove any restrictions based on nationality on the employment of workers in the coal

and steel industries, subject to some (rather unclear) restrictions (Burrows, 1987). In 1962, the Council adopted a Directive on the freedom to take skilled employment in the field of nuclear energy (Article 96 EURATOM). This requires member states to abolish all restrictions on the grounds of nationality affecting the right of member state nationals to take up skilled employment in this field.

The founding principle underlying the free movement of persons is therefore that of non-discrimination on the grounds of nationality for all member state nationals. On 1 January 1958, the Treaty of Rome signed by the six founding states in 1957 entered into force. The Treaty has been amended on a number of occasions, the two most important developments being the 1986 Single European Act and the 1992 Maastricht Treaty on European Union (the latter treaty revised the numbering of some articles in the EC Treaty). The principle of non-discrimination is contained in Article 6 of the revised EC Treaty. In the early stages, free movement rules mainly concentrated on the free movement of workers, as opposed to other categories of citizens. Furthermore, the term 'worker' was understood to mean employees. However, other types of worker were understood to be covered by the section on establishment and the provision of services. Though provisions were therefore limited in the early stages, the scope gradually widened and other categories of person have gradually been included in the right to free movement.

The first piece of EC legislation on the free movement of workers was laid down in Regulation 15 of 1961.<sup>2</sup> This authorised Community nationals (rather than granting the *right*) to work in another member state if there were no workers available in the national labour market. It also authorised the worker to take his dependent (minor) children and spouse with him, dependent on certain conditions (such as having already obtained adequate housing) and looked at various other problems such as national priorities to employment.

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<sup>2</sup> OJ, 1961, L57/1073.

Regulation 38 of 1964<sup>3</sup> made some progress on free movement of workers in that it granted the 'right' to salaried employment in another member state rather than simply the authorisation as granted under Regulation 15. The scope of the regulation was also widened so that new categories of worker were now included. Workers could now also be accompanied by more extended family (all children, parents and grandparents dependent on the worker). The regulation permitted no discrimination between Community and national workers in employment offers and gave a two week priority to Community nationals over third country nationals (Dahlberg, 1968). In 1968 the same priority for employment was established for workers of any EC member state as for nationals of the host country (with regard to third country workers) (Tovias, 1992).

The Court of Justice has played a large part in the interpretation and extension of rules on free movement by applying definitions of 'worker' relatively loosely (see Burrows [1987, 121] for an example of the Court's interpretation and ruling in the *Brack v. Insurance Officer* case). This led, in 1976, to the Court stating that the definition of worker also extended to those member state nationals wishing to go to another member state to look for a job there, even though the 'worker' may have just left school or have lost his job in his home state. The Court was thus generous in its interpretation of the term 'worker' (Burrows, 1987; Bertrand, 1990). Exceptions to the rules on free movement include strictly defined criteria on the grounds of public policy, public security or public health (Article 48(3)).

The principle of the free movement of workers is contained in chapter 1 of Title III of the EC Treaty, Arts. 48-51 (see Appendix 1 for list). Chapter 2 of Title III of the EC Treaty, composed of Arts. 52-58, sets out the basic rules on establishment. This includes the right to take up and pursue activities as self-employed persons. Chapter 3 of Title III composed of Arts. 59-66 sets out the basic rules on freedom to provide services. This covers the right to provide services in one member state while residing in another member state.

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<sup>3</sup> OJ, 1964, L62/965.

Alongside the treaties, there exists a comprehensive body of secondary legislation which allows for the implementation of the rules contained in the Treaty. The principle of non-discrimination again pervades the secondary legislation. One of the most major pieces of secondary legislation is Regulation 1612/68.<sup>4</sup> Part 1 of this Regulation covers all the substantive rules covering the right to take up employment in another member state. This stipulates, for instance, that foreign nationals should enjoy the same rights as nationals in relation to tax, social benefits and training, the right to join trade unions and also benefit from the same housing advantages as nationals of that state. The Regulation also prohibits member states from operating any form of special recruitment procedures for foreign nationals or from restricting the number or percentage of member state nationals employed in an undertaking. Furthermore, the host state must offer the same help in seeking employment to foreign national workers as it does to its own nationals. Council Directive 360/68<sup>5</sup> deals with the abolition of restrictions on movement and residence for workers and their families in the member states.

## **5.2 Social protection for migrant workers**

If workers are to be able to seek and take up employment in other member states, to move there with their families and remain in the host state even after the end of their employment, it is essential that all migrant workers continue to be covered by social security protection whilst in the host state. However, as Hantrais (1995) has demonstrated, in view of the marked differentiation between member states' social security systems it would have been an impossible task to harmonise every member state's system. While the member states' social protection systems can be shown to be broadly based on three different models – which Hantrais classifies as the 'continental' model, the Anglo-Saxon/Nordic model and the Southern European model – in practice, each member state's system is almost completely differentiated.

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<sup>4</sup> OJ, Special Edition, 1968, p.475.

<sup>5</sup> OJ, 1968, L257/13.

Rather than harmonisation therefore, the Community instead aimed at co-ordinating the various systems (Article 51). Regulation 1408/71<sup>6</sup> deals with the application of social security schemes to employed persons and their families moving within the Community as does the implementing Regulation 574/72.<sup>7</sup> Regulation 1408/71 sets out the general principle that the law of the country in which a worker is employed is the relevant one for social security purposes. This ensures that a worker is able to pay into each member state's scheme while employed there, and in this manner accrue rights as if he had remained in his home scheme. However, these pieces of legislation cover only basic (i.e. compulsory) social security schemes. It has been found that supplementary schemes, particularly pension provisions, are as important as basic schemes to workers wishing to exercise their right to free movement. This is a particular concern for some socio-economic categories, particularly the highly skilled.

Unemployed workers drawing unemployment benefit are allowed to 'export' their benefit to another member state in order for them to be able to go to that state in order to look for work. This period currently allows for three months of 'benefit export' (though the Commission has now presented proposals to the Council which would extend this period to six months. The latter three months' benefit would be paid at the lowest rate applicable in the two states to avoid abuse of the system [Commission, 1996c; Laske, n.d.]). Workers who are posted for short periods to another member state continue to be subject to the social security laws of the first member state (Article 14).

Since its adoption in 1971, Regulation 1408/71 has undergone a number of changes resulting in a complex set of rules and regulations which have been criticised for their complexity. In response, the Commission has recently launched a debate over the simplification of Regulation 1408/71 as part of a broader process to simplify rules governing the Internal Market known as the SLIM initiative (Simpler Legislation in the Internal Market). In particular, the Commission has stated that Regulation 1408/71 has to be adapted to better fit the new 'Social Europe' within the context of European

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<sup>6</sup> OJ, Special Edition, 1971, p.416.

<sup>7</sup> OJ, 1972, L74/1.



citizenship (Commission, 1998b). This represents a shift from co-ordinating social security schemes for the protection of mobile workers to an inclusion of other EU citizens. This is in line with the broadening in focus of EU social policy in other domains which has been a feature of the development of social policy and legislation.

However, others have noted that it may not be possible to simplify these measures without losing some of the protection they afford and that any simplification may not benefit the users of the legislation. Furthermore, Derek Coulthard of the DSS Benefits Agency Overseas Division notes that national arrangements are themselves overly complicated and that national systems need 'to put their house in order' before attention should turn to simplifying EU legislation (Coulthard, 1998; Fitzpatrick, 1998).

### **5.3 Supplementary social security schemes**

While it has long been recognised that it is important that migrants in the EC continue to be covered by social protection schemes when they move to another member state as if they had remained in their home state, in reality numbers of intra-European migrants are small. Only 5 million workers, including their dependants, actually exercise this right – however, numbers have nevertheless passed what Leibfried and Pierson (1995) describe as the 'critical mass' necessary to have generated sufficient case law in this area. Indeed, as has been seen above, in this area of the Commission's competence as in others, the Court of Justice has determined much of the relevant legislation by dealing with cases referred to it by national courts and litigants (Leibfried & Pierson, 1995). Basic social security cover for migrant workers has worked relatively well governed as it is by Regulation 1408/71 and implementing Regulation 574/72.

The main remaining difficulty in relation to social protection is not with the level of basic cover, but in relation to supplementary schemes (mainly pension provisions). Leibfried and Pierson (1995, 55) note –

*“Additive company pension benefits, which are now regulated at the national level, are becoming a challenge for European legislation, because they hinder the movement of the most mobile in today's European labor market: managers and professionals. There is no*

*easy coordinating solution, however, without extensive interference in the benefits market”.*

Pension schemes can be viewed in terms of ‘three pillars’ of interdependent elements: statutory pension schemes, supplementary schemes and individual retirement provision. As these elements vary in relative weight across all member states, the result is a wide diversity of schemes which are influenced differently by public policy and indirectly through taxes. Originally it was thought that a parallel multilateral system of co-ordination could be put in place to cover supplementary and occupational pension schemes similar to that covering basic provision. However, a closer examination of the situation in each country later proved that this idea would not work (Commission, 1994a).

Public policy in pension provision has followed different courses in member states according to national traditions and preferences and the result is interlocking systems of national protection which are so complicated that they are sometimes misapplied even within the national context. Furthermore, pension provision is closely tied to fiscal policy and states are therefore reluctant to allow meddling in this area. It has been suggested that one way forward may be to introduce qualified majority voting in this area so that social protection is included in the harmonisation process and takes a more prominent position as Community integration continues. However, as supplementary and occupational schemes tend to be primarily run by the private insurance market, there are so many conflicting interests and provisions that even if this were the case it would not necessarily make the situation any simpler. One or two alternative scenarios have been proposed such as a ‘thirteenth system’ which would offer an alternative scheme for migrant workers but this scenario, although interesting, raises as many new problems as solutions (Laske, n.d.).

The obstacles to mobility posed by supplementary schemes are multiple. Some obstacles are inherent within supplementary pension schemes, others result from the lack of framework within which pension funds might be transferred across the EU. The Commission has rightly recognised that supplementary schemes in themselves put an

obstacle in the way of mobility since members who leave them before retirement can be subject to significantly reduced benefits. These concerns are particularly likely to affect the highly skilled mobile professionals and managers discussed in this thesis as these are the groups who are most likely to depend on this type of social protection (Laske, n.d.).

As far as corporate migration is concerned, employers moving workers on a pan-European basis bear the additional costs associated with employee mobility. With regard to tax and pension payments, this is one of the factors contributing to the cost of having a mobile workforce. In order to address this, in early in 1998 a group of multinational companies formed a consortium named Pepa (Pan-European Pensions Association) with the aim of challenging the current legal system through a series of test cases centred around the claiming of tax relief for employees in foreign pension schemes (FT, 24/6/98, 2). However, the consortium did not make any headway and by early 1999 the consortium had foundered as companies had been reluctant to fight national tax authorities (FT, 2/2/99, 2). The issue has now been taken up for consideration by a high-level taxation policy group at Commission level.

Little progress has been made to date in this area. In 1991 the Commission issued a Communication to the Council setting out the issues and concerns with regard to supplementary pension provisions for cross-border labour mobility which served to launch a debate and, the Commission believed, raised awareness that “*solutions do exist, even if they are not easy to find*” (Commission, 1995d). The difficulties in finding these solutions became apparent when a draft Council resolution on supplementary pension arrangements for mobile workers was proposed under the UK presidency at the end of 1992 but failed to gain unanimity at the Council. In 1997, the Commission returned to this problem when it requested that the High Level Panel on the free movement of persons look at supplementary pensions as a specific question. As a result, the High Level Panel made a number of recommendations but was cautious in its approach, stating that the delicate balance with regard to the organisation of supplementary pensions within member states should not be upset and that imposing EC rules could have as many detrimental effects as it could positive ones.

The Panel's recommendations concerned the preservation of acquired rights, the guarantee of cross-border payments, information rights and the possibility for workers temporarily posted to another member state by their employer to continue to contribute to the supplementary scheme to which they belonged before moving abroad (for up to a proposed maximum of five years) (Commission, 1997d). In 1997, the Commission adopted a proposal for a Council Directive on safeguarding the supplementary pension rights of employed and self-employed people moving within the EU based on the Panel's recommendations (Commission, 1997b).

While this is welcome news, progress on this Directive may be slow. Once adopted, it will be for member states to determine how to incorporate the principles into their own national systems. Furthermore, its effectiveness will need to be carefully measured: the Commission has itself already recognised that in the case of workers posted temporarily to another member state by their employers, *"multinational companies find ways and means to compensate their senior expatriates for any pension disadvantage suffered in moving abroad"* (Commission, 1994a, 123).

In terms of ensuring that provision is adequate for all citizens across member states, the Commission has a role to play in monitoring the situation and in establishing the exchange of information. As far as the free movement of workers is concerned, for those wishing to establish themselves in a host country and to transfer pension funds between member states or to ensure that pensions are maintained at home, the lack of a single, co-ordinated pan-European system continues to present a very real and important obstacle to mobility. Pension funds are the one remaining financial service for which no Community framework exists (Driver, 1998). In June 1998, the Directive on safeguarding the supplementary pension rights of employed and self-employed persons moving within the Community proposed under the UK presidency was finally approved.<sup>8</sup> However, in its final diluted form it is debatable whether this affords much more protection to migrant workers than they already had. It mainly covers the preservation of acquired rights but only for workers who are seconded by their employer to another member state, though it

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<sup>8</sup> Directive 98/49, OJ 1998, L209.

also provides that a member state can no longer oblige a migrant worker and, where appropriate, his employer to contribute to a compulsory scheme in the host state where contributions are being made to a supplementary pension scheme in the home state.

In conclusion it is clear that for a number of reasons - the sensitive political nature of supplementary pension provision; the great differences in the organisation of pensions across member states; the difficulty in justifying sweeping changes to benefit a small group of Community migrants; the fiscal implications – future progress in this area is likely to be slow and to involve only small adjustments to ease specific areas, e.g. the transfer of funds.

#### **5.4 The single market**

The idea of establishing an internal market was re-introduced by the 1986 Single European Act and is contained in Arts. 7a to 7c of the (revised) EC Treaty. These state the aim of “*progressively establishing the internal market over a period expiring on 31 December 1992*”. This gave a new impetus to the principle of free movement of goods, services, capital and people and was, for various reasons, wholeheartedly supported and promoted by member states’ governments, some companies and other national institutions.

Evidence compiled in the 1988 Cecchini report demonstrated the positive economic effects that would be the result of the project, which also caught the imagination of many economists and other observers. (Some observers have commented that the positive benefits of the project were overemphasised in advance, which led to some business and public disappointment with the SEM’s achievements. Indeed, as Wallace & Wallace (1996, 141) point out, “*It was the first time in the history of the EC that its policy process had stimulated so wide a span of attention and engagement, remarkably so, given the obscure and technical character of most of the legislation*”.)

Furthermore, the idea, according to some, became “*synonymous with that of a ‘frontier-free Europe’*” (Handoll, 1995, 33), in which controls at borders between member states

would be abolished. However, the 1992 'deadline' was exceeded and controls on persons at member states internal borders remain, apart from at borders between member states participating in the Schengen agreement. However, to concentrate too closely on the failure to remove border checks would be to miss the point; the barriers to free movement are not simply contained within the physical checking of passports at the border. Whether or not this check continues to operate, the obstacles to free movement remain the same.

The 1992 Maastricht Treaty on European Union entered into force - after some difficulty with ratification in member states - in November 1993. This marked a new stage for the European Community's integration process. The Maastricht Treaty gave existing Treaties a new structure and introduced for the first time provisions on a Common Foreign and Security Policy (CFSP) and Co-operation in the Fields of Justice and Home Affairs (CJHA). Most importantly, in relation to the free movement of persons, the Maastricht Treaty introduced the idea of citizenship which constituted a step towards a more citizen-oriented rather than a wholly market-oriented Community. This, in theory, introduced free movement for a whole new class of people.

## **5.5 Citizenship**

The idea of citizenship of the member states was raised as far back as 1972 (during the October 1972 Paris Summit) and then resurfaced at the 1974 Paris Summit. At this time, discussions focused on the conditions for European citizenship and in particular the introduction of a common passport and the granting of 'special rights' to member states' citizens. These were essentially the political right to vote and to stand as a candidate in local elections. However, nothing was officially done in this area until the two 1985 Adonnino reports which again raised the subject of freedom of movement for citizens and wider opportunities for employment and residence. The Adonnino reports were accepted by the European Council and the Commission but a series of measures based on the Adonnino reports failed to gain unanimity in the Council of Ministers. Between 1985 and the beginning of the Intergovernmental Conference in December 1990, the provisions for citizenship underwent a good deal of amendment. They were finally

adopted, though in a much diluted form from the original proposals, when the Treaty on European Union was signed at Maastricht in February 1992.<sup>9</sup>

Article 8(1) of the EC Treaty, as amended by Maastricht, states that *“Every citizen of the Union shall have the right to move and reside freely within the territory of the Member States, subject to the limitations and conditions laid down in this Treaty”*. The ‘citizen’ referred to in this article is defined in the Treaty as any person holding the nationality of one of the member states. Thus, the principle of free movement and the right to reside in another member state was in theory extended to a whole new category of persons, in fact, anyone who could claim to be a ‘citizen’ of a member state.

In reality however, it has been argued (O’Keeffe, 1993; Vincenzi 1993) that this extension does not greatly benefit the categories of persons who were not covered before. *“In practical terms, it continues to be important to fall within one of the above categories. The poor and disadvantaged continue to be excluded”* (Handoll, 1995, 123). In other words, the condition laid down by the 1990 Directive on residence which allows citizens to reside in another member state only if they have sufficient resources in order to avoid becoming a burden on the host state’s social assistance, excludes those who do not have such resources and who do not fall into one of the other categories (workers, self-employed etc.). These citizens in fact enjoy very limited rights with regard to free movement, and the Maastricht Treaty, for all its admirable sentiments does nothing to change this position.

Third country nationals by definition, do not enjoy the rights of Union citizenship granted in the Treaty. This makes an apparently clear-cut distinction between those who are included (nationals) and those who are excluded (third country nationals). But the difference that this distinction makes in reality is not that large as many legally resident Third country nationals may already enjoy the same rights as Union citizens. The main difficulty is likely to occur when holders of visas in one member state try to enter other member states.

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<sup>9</sup> For a fuller discussion, see Handoll, 1995, chapter 9.

Rights of free movement and residence have still not been completely disassociated from occupational activity and despite the Commission's proposals to introduce new rules on rights of residence in order to reduce complexity and introduce more practical procedures for residential mobility, the only progress that has been made in this area is the adoption of three specific proposals relating to specific economically inactive target groups including students, retired persons and other groups (Pickup, 1990).

The problems relating to the exclusion of those legally entitled to rights of free movement and residence were addressed in the Commission's 1994 White Paper on European Social Policy in which the Commission recognised that the socially excluded included those who were unemployed but without benefits, people living on social benefit, some disabled people and gypsies. Also contained in this White Paper was the idea to set up a High Level Panel to look into the remaining obstacles to free movement.

## **5.6 Mutual recognition of diplomas**

### **i) The regulated professions**

In order to facilitate the free movement of workers, it is essential that workers' qualifications, experience and training is recognised in member states other than the one in which the worker gained his knowledge. Up until 1989, the Commission had aimed to draw up rules on the recognition of workers' qualifications in the so-called 'regulated professions' taking each profession in turn. This approach had aimed to harmonise qualifications gained in any field so that all member states recognised the content and validity of courses followed for reasons such as the protection of consumers, public health or the environment (Commission, 1997d). This resulted in a number of directives regulating professions, for example, veterinary surgeons, nurses, midwives and several other categories. However, it soon became apparent that this was going to be a lengthy and cumbersome process and would not in any case be suitable to those professions (particularly in the field of technology and science) that are constantly in transition.



At the end of 1988, the Council adopted Directive 89/48 on a general system for the recognition of professional education and training of at least three years duration (“the first General System”).<sup>10</sup> This Directive covers all the regulated activities not covered by the previous sectoral directives and applies to any member state national wishing to pursue a regulated profession, whether as an employee or a self-employed person in a host member state. A ‘regulated profession’ is one which is subject to the possession of a diploma, a list of which is to be found in Arts. 1c and 1d of the Directive. The directive requires member states to recognise workers’ qualifications gained after a higher education course in another member state within no more than four months. (In some cases where there may be any doubt about a worker’s knowledge however, the host state may request that the worker undergo an aptitude test or period of adaptation. However, case law developed by the Court of Justice may have an impact on these rules for some professions, such as lawyers [see Capelli, 1993].)

This reflected a new approach on the mutual recognition of diplomas. It abandoned the sectoral approach and took a broader view of qualifications, on the assumption that if a worker was qualified to work in a particular profession in his own member state, then he should also be able to work in the same capacity in all member states, having his qualifications and experience recognised by the state concerned. The new approach thus assumed a large degree of trust between member states. In relation to this new approach, the Commission stated that “*Adoption of Directive 89/48 therefore reflected an increase in the degree of mutual trust between member states concerning the recognition of professional qualifications and so making detailed harmonisation redundant, in keeping with the subsidiarity principle*” (Commission, 1996b, 2).

Despite the Commission’s upbeat statements, the Directive met with some resistance and implementation difficulties in some countries. Particular problems were encountered in implementing the Directive with regard to teachers in France and Germany, and with regard to lawyers. (In the case of lawyers, difficulties were partly due to continuing internal national restrictions governing the legal professions [Adamson, 1992, 102].) In

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<sup>10</sup> OJ, 1989, L19/16.

particular, it has been pointed out that the competent authorities in member states have been unwilling to apply the Directive in the spirit of mutual trust which underpins the system and that authorities rarely give individuals decisions within the four month time limit laid down (Commission, 1997d). According to a Commission report, the Directive allowed 11,000 people to work in another member state between 1991 and 1994, a figure which is put into perspective when it is considered that the UK accounted for nearly 6000 of this total and that 3800 of this number were teachers (a result of the strong demand for teachers in the UK) (Commission, 1996b). This figure may increase however, when the Directive is fully implemented.

In June 1992 the Council adopted Directive 92/51<sup>11</sup> a second General System for the recognition of professional education and training to supplement the first General System. This system has principles similar to the first but covers post-secondary education and training courses and equivalent, and post-secondary courses complemented by professional experience or training.

Despite some shortcomings in the implementation, the two general Directives on recognition of training and experience denoted a move towards more 'positive' measures and away from 'negative' measures which have the primary aim of prohibiting obstacles to free movement. These positive steps were "*designed to enable mutual recognition and to co-ordinate national provisions*" (Handoll, 1995, 211). Another positive step was the reformation of SEDOC (European System for the International Clearing of Vacancies and Applications for Employment). This system dealt with the clearing of job vacancies throughout the territory of the member states. The system, now known as EURES, can provide potential migrants with information on job vacancies and living and working conditions in other member states (see section 5.5). Most recently, the idea of establishing a 'training passport' has been proposed which would testify that a young person had attended one or several 'European Training Pathways' - the first step towards an Erasmus programme for apprenticeship. The document would be a voluntary,

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<sup>11</sup> OJ, 1992, L209/25.

supplementary document and would not interfere with the internal training programmes of a member state. (Commission, 1997e).

## ii) Non-regulated professions

If nationals from one member state wish to work in another in a non-regulated profession, they are free to apply and compete for jobs in the same way as national applicants. However, it has been pointed out that difficulties of recognition of diplomas and qualifications are also likely to be a major problem for individuals in this situation (Sellin, 1989). Potential employers faced with foreign qualifications are likely to find it difficult to assess the skills and knowledge of the other member state national applicants and these applicants may in turn feel that they were turned down for a job because of this. The High Level Panel point out that this problem has been acknowledged by several trade unions and employers organisations, and that the extent of the problem has most probably been underestimated (Commission, 1997d). However, the attention given to this matter by various EC bodies (notably CEDEFOP which drew up tables of correspondence of qualifications) and other suggestions such as the work 'portfolio' or skills 'passport' have failed to offer any real solution to the problem.

It is in any case difficult to see how legislation can help solve the problem of the recognition of professional experience and qualifications for workers in the non-regulated professions. For individual workers, the EURES network may have the most to offer in this respect, in helping to inform potential migrants of the difficulties they may encounter so that the worker can make informed decisions in advance of the move to another labour market. As far as employers are concerned, major multinationals are able to overcome the problem of recognition of diplomas when recruiting across the EU by recruiting through the local division for employment elsewhere (see chapter 8). For smaller companies wishing to recruit in Europe, as for individuals, difficulties of recognition and equivalence are likely to remain.

## **5.7 EURES and the role of Euroadvisers**

EURES - the network information exchange system for the circulation of job vacancies on a Europe-wide basis - replaced the old SEDOC system in November 1994.<sup>12</sup> The overall objective of EURES is to align the employment services of the fifteen member states (as well as Norway and Iceland) to provide jobseekers with information on job vacancies in other member states as well as information on the living and working conditions in other states. The information is provided through the use of two databases and a network of some 400 Euroadvisers. One of the databases, the 'Job Vacancy Database' contains selected job vacancies ('Eurovacancies') which are put onto the system by member states employment services (and sometimes by Euroadvisers themselves). These are vacancies which have been unable to be filled at national level or those which are more likely to be filled if advertised at Community level. The discretion for the entering of jobs onto the database is left to national agencies working in conjunction with Euroadvisers, and jobs entered can cover any area of work. However, jobs entered onto the jobs database tend in addition to require a mastery of several languages (often up to four or more languages, including less commonly spoken languages). The 'General Information Database' contains information on living and working conditions and information on the labour market in all of the EEA member states.

Each EU national employment service is obliged to provide the Euroadviser service - it must form part of the service offered to the public by the national employment services. Hardware and software support, as well as training, is provided to each member state by the Commission but the delivery of the service is funded by each member state. This means that the level of assistance that Euroadvisers can provide to enquirers depends largely on the dedicated resources in that region. In some regions, a Euroadviser can only provide a minimum of advice on living and labour market conditions in other member states and give other general advice and information. In better resourced regions, the Euroadviser may also be in a position to liaise with their counterparts on behalf of the individual, as well as promote the service in other ways.

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<sup>12</sup> Regulation 2434/92 (OJ, 1992, L245/1) and Commission Decision 93/569 (OJ, 1993, L247/32).

Though the network is relatively new, it has got off to a good start. When the EURES system was launched there were 350 Euroadvisers throughout the member states (12 of whom were based in the UK). By the end of 1996 this number had increased to 375 and by 1997, the total number had increased to 400. In addition, a pilot scheme has now been set up which places additional Euroadvisers in universities (the full list of Euroadvisers by country is given in Appendix 2).

According to a recent report, for the first ten months after the launch of the network, Euroadvisers reported nearly 180 000 contacts with jobseekers and nearly 15 000 contacts with employers. More than 30 000 applications had been handled and 5 800 placements made.<sup>13</sup> By the end of September 1995, approximately 5000 jobs were on offer in the EURES database. An average of 500 new posts were being added to the database each month and 300 existing ones were closed, resulting in a monthly increase of approximately 200 jobs (Commission, 1996g).

In view of the limited evaluation of the project so far, five British Euroadvisers were contacted in 1995 and again in 1997 to gain a first hand interpretation of the service from those directly involved. In 1995, discussions showed that Euroadvisers felt that the British public had a clear need for more information about opportunities in other member states as well as other more general information. Euroadvisers felt themselves to be the first port of call for a person thinking about working abroad - it appeared that they had to help individuals to assess whether an international move to another member state was really the best option for them. For Euroadvisers contacted, this meant dealing with enquiries where people had often not clearly thought through the consequences of a move abroad, either for themselves and their family, or in terms of the sort of work they could hope to get in a country where their language proficiency was either poor or entirely lacking. Euroadvisers also expressed concern that they were not reaching those people most in need of the information available. This view reinforces the Commission's and the High Level Panel's

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<sup>13</sup> The relevant contact figures for the UK for the same period were :- 11 890 (jobseekers), 2237 (applications), 195 (placements); for France the figures were :- 7137 (jobseekers), 2363 (applications), 457 (placements), (Commission, 1996g).

concern that clear and accessible information should be actively offered and promoted (i.e. through initiatives such as Citizens First) rather than simply available.

When Euroadvisers were contacted again in 1997, at least one Euroadviser felt that the situation was changing slightly. She felt that enquirers were now generally better informed than previously and that the number of enquiries from professionals was also increasing (particularly in the six months following the launch of the Citizens First campaign). In particular she noted that the professional people making contact tended to speak at least one foreign language and required less information about living and working conditions as they had often already had some experience of life in another member state. These enquirers were more interested in information about European job vacancies. Furthermore, the Euroadvisers contacted noted that the most mobile workers tended to be a small group of professional workers and graduates with the necessary transferable skills and language abilities.

Looking ahead, the Commission has highlighted areas for future work: these include improving the computer system to ensure its uniformity and that it integrates cross-border regions; incorporating new information on member states (e.g. on tax systems, education, comparability of qualifications and other information such as information on regional labour markets); and looking at new cross-border structures and encouraging the co-operation of cross-border partnerships at all levels to ensure that these are developed within the EURES framework.

### **5.8 The Posting of Workers initiative**

It has been shown elsewhere in this thesis that the nature of worker mobility has been changing in recent times. In the past, workers wishing to take up employment in another member state would probably have settled in the host state, thus becoming subject to the social and labour laws of that state. Indeed, EU rules were made with this type of movement in mind. More recently however, it has been recognised that cross-border mobility is taking new forms. In particular, companies established in one member state are taking advantage of freedom of movement and the freedom to provide services in

order to transfer workers on a temporary basis to another member state (Matthews & Pickering, 1995).

This came to be a particular concern in the early 1980s, when many blue-collar (mainly construction) workers were being sent to work abroad with inadequate social security and employment protection. In theory, this situation should not arise, since Regulations 1408/71 and 574/72 stipulate that workers should be insured in the country in which the work is carried out, even if the worker is a non-resident of that country. This means that workers should be employed on local rates and terms applicable in the host state.

However, a loophole existed whereby these provisions could be avoided if the posting was for less than twelve months, in which case the applicable conditions of employment were those applicable in the worker's home state. If the posting was for less than twelve months, the competent authority in the home state issued a certificate stating that the worker was insured in his home country, and this system was open to abuse. For example, the practice of recruiting 'cheap' labour was used by German firms who recruited British and Irish workers via employment agencies in those countries to work in Germany thus avoiding having to pay high German wages and social contributions (the 'Aufwiedersehen Pet' phenomenon) (Matthews & Pickering, 1995). The problem finally came to a head in France where French courts ruled that the importation of Portuguese construction workers was illegal. In the 1990 *Rush Portuguesa* case, the European Court overturned this ruling, however the case prompted the Commission to look at the issues surrounding posted workers.<sup>14</sup>

The *Rush Portuguesa* case raised a number of concerns. Firstly, that workers in this situation were not benefiting from the same level of social security and other benefits as workers in that state and were therefore worse off; secondly, that as a result, this could lead to 'social dumping' whereby national workers in that state may be disadvantaged by the entry onto the labour market of 'cheaper' workers (i.e. those with less social protection) from other states. The effect of the import of such workers is to create a two-

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<sup>14</sup> For more details see *EIRR*, 1991, p. 20.

tier labour market in the host country in which the indigenous workers are less able to compete.

These concerns led the Commission to propose in 1991 a draft Council Directive under the Social Charter Action Programme concerning the posting of workers in the framework of the provision of services.<sup>15</sup> This aimed at entitling workers temporarily posted to work in other EU member states to benefit from the minimum terms and conditions of employment in the State to which they are posted. It was intended that workers would be guaranteed minimum standards of protection by establishing a set of 'hard core' rules but at the same time allowing for free competition throughout the EU thereby enabling firms to take advantage of lower labour costs.

The proposed Directive thus aims to ensure that, *"irrespective of whatever law governs their employment relationship, workers temporarily posted abroad in the EU should be entitled to certain minimum requirements laid down by the State to which they are posted"*. The Directive does not aim to harmonise labour laws in EU member states but to clarify to employers posting workers to other states which set of rules apply to the cover of the workers concerned. The applicable rules will be those laid down by the host country in law or in a collective agreement which covers the whole of the occupation and industry concerned. These 'hard core' of host country rules relate to:

- maximum hours of work, night and weekend work, rest periods
- minimum rates of pay
- public holidays and minimum paid holidays
- the supply of workers by temporary employment businesses
- health, safety and hygiene at work
- protective measures concerning the working conditions of pregnant women and other groups requiring special protection
- equality of treatment and the prohibition of discrimination

(Rolfe and Byre, 1995, 13)

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<sup>15</sup> COM(91) 230 fin.



The Directive's overall aim was to ensure that posted workers were assured minimum protection and equality of treatment when posted to work in an EU country but the Directive would also help to eliminate 'social dumping'. In June 1993, the draft Directive was strengthened to cover other types of work (Saturday work, shift work) and to prohibit discrimination on the grounds of sexual orientation.<sup>16</sup> Perhaps most importantly, the revision included a paragraph stating that the above provisions "*shall not prevent the application of terms and conditions of employment provided by the law applicable which are more favourable to workers*". In other words, workers whose home country conditions were more favourable than those in the country of posting should be able to benefit from those better conditions.

Further, it should be noted that the Directive lays down rules on the posting of workers to destination countries within the EU but does not focus on the origins of the employers posting the workers. This means that the Directive applies to any employer posting workers to EU countries, not just to undertakings established within the EU. The proposal met with a good deal of resistance, however the Directive was finally adopted in December 1996.<sup>17</sup>

### **5.9 The High Level Panel**

Realising that "*Free movement may be a statutory right but it is not yet an everyday fact for the people of Europe*" (Commission, 1996d), the High Level Panel on the free movement of persons was set up in January 1996 and had its first meeting in April 1996. This group was constituted of independent experts under the chairmanship of Simone Veil and had as its remit to look at the operation of the single market and in particular to identify the existing and potential obstacles which still existed for individuals wishing to exercise their right to free movement.

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<sup>16</sup> COM(93) 225 fin. For more details see EIRR, 1993.

<sup>17</sup> Directive 96/71, OJ, 21/197, L18/1.

The Panel's report was submitted to the Commission in March 1997. It found that while the legal and administrative structure to allow free movement in the EU was largely in place at a European level, in reality a number of often smaller but obdurate practical difficulties still hampered individuals wishing to exercise this right. Furthermore, the Panel noted that relatively less progress had been made in the field of the free movement of people than for the other three freedoms. Some of the Panel's conclusions were of an intangible nature; it highlighted the public's confusion about its rights and noted that there was a much greater need for information. In its concluding remarks, the Panel also implicitly criticised member states' governments for dragging their heels over the implementation of rules in this area noting that "*the effective rules must be applied effectively, not only to the letter but also in the spirit with which they were intended*" (Commission, 1997d, 90).

The Panel's report included a number of concrete conclusions. Difficulties were found to exist in the following areas:

- the recognition of qualifications and diplomas in the non-regulated professions
- obtaining employment in the public sector (the 'exceptions' still being over-enthusiastically applied by member states, in the Panel's opinion)
- major difficulties resulting from the total lack of co-ordination between supplementary social security schemes - particularly pensions
- the area of direct taxation for those moving to other member states
- the lack of adequate information on an individual level (rather than targeted toward businesses e.g. Euro-Info Centres), notwithstanding the Citizens First initiative (discussed below)
- the continuing non-applicability of some or all of the free movement rules to some categories of persons such as those on social assistance (which is not exportable) and third country nationals.

However, though the detailed report produced by the Panel raised a number of important issues and made many recommendations, there is a serious shortcoming in the way the

Commission works which is likely to impede progress.<sup>18</sup> This is the difficulty encountered by the Commission in co-ordinating any work in the area of free movement as the issues involved cannot be dealt with by a single Directorate General (most issues are dealt with by DGV and DGIII, but some issues concern other DGs). This spread of responsibility and involvement means that significant and real communication should be taking place between the directorates-general to exchange information on areas of mutual responsibility or interest and to take stock of progress. Unfortunately, in the view of the representative consulted this process is not working effectively.

The Panel suggested that establishing a single Commissioner with responsibility for free movement of people may solve some of these problems but in view of the current lack of co-ordination it seems unlikely that this will happen in the near future. In November 1997, the Commission adopted an Action Plan building on the recommendations of the High Level Panel (Commission, 1997f). A review date was also set for March 1998.

#### i) The Citizens First campaign

At around the same time that the Panel was meeting, the Commission proposed a campaign to promote clear and accessible practical information to citizens, which resulted in the recently launched 'Citizens First' campaign (set up slightly behind schedule in November 1996) (Commission, 1995c). This information campaign had as its main objective to diffuse leaflets and guides about moving within the EU in every Community language to a generally poorly informed public. A telephone line was also set up which any individual could use to obtain the leaflets or to be pointed in the right direction to gain other information from national bodies. The campaign met with some success: by March 1997, the Commission proudly reported that more than 450,000 people across the EU had used the service. In the UK however, the service had a low take-up rate - just under 2000 of all calls came from the UK, while use of the service was much greater in France where 45 745 calls were made to the service (Commission, 1997c), though of a total population of 370m, the overall user rate is still low. One of the

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<sup>18</sup> Interview with Professor D. O'Keeffe, UK representative on the Panel, 17/11/97.

main problems may be that in the UK at least, the service appears to be advertised primarily over the Internet thus reaching a small potential audience while it has been much more widely promoted by the governments of other member states (Professor O’Keeffe)

#### **5.10 Fiscal barriers**

The first steps towards the elimination of fiscal barriers to free movement were taken when early economic integration policies provided for in the Treaty of Rome were adopted in the 1960s and particularly with the establishment of the common customs tariff in 1968. However, since that time no real progress was made until the adoption of the SEA which took effect in July 1987. This introduced qualified majority voting to most internal market issues but retained unanimity in the area of taxation.

Differing VAT rates, excise duties and currency fluctuations all constitute barriers to trade. The implementation of tax rules and particularly differing levels of taxation mean that some countries fear that they are disadvantaged with regard to other member states i.e. that a form of ‘tax competition’ is in operation (Garbarino, 1993). With regard to the simple movement of goods between two countries, the European VAT systems uses the criterion of the country of destination.

With regard to the removal of fiscal barriers to the free movement of persons, forms of taxation need to be harmonised. The differing systems of taxation may otherwise have indirect effects on migrants. To put it another way, *“the most desirable tax policies are those which eliminate distortions to the economic choices of taxpayers”* (Garbarino, 1993, 120). This was also found to be the case by the High Level Panel which pointed out that people moving within the Community are more likely than others to encounter financial disadvantages. Tax difficulties are most likely to affect cross-border workers who pay social security contributions and income tax in different countries owing to the lack of compatibility between rules in these areas.

To work towards eliminating fiscal barriers, the Commission has recently set up a Taxation Policy Group made up of member states' Finance Ministers' representatives and chaired by Commissioner Mario Monti. As part of its remit, this Group is to look at ways of addressing fiscal barriers to labour mobility and the freedom to provide services. The Group's work is intended to inform legal proposals for the co-ordination of existing rules both within and between member states. Such proposals would need to be put in place alongside the protection of member states' tax revenues.

The Commission has recognised a particularly pressing need to resolve taxation issues for mobile workers in respect of two areas: taxation of cross-border savings income and supplementary pensions. With regard to supplementary pensions, for potentially mobile workers the lack of co-ordinated approach across EU member states places an obstacle in the way of pan-European mobility firstly, by making it almost impossible for migrant workers to obtain tax relief on contributions paid to an insurance company or pension scheme established in another member state and, secondly, where supplementary pension rights cannot be transferred from one member state to another (Monti, 1998). In order to find solutions to the problems of supplementary pensions for migrant workers, the Commission recently launched a wide ranging consultative debate. The results of this process are not yet known but the ultimate aim is to find ways of establishing a single market for supplementary pensions whereby the cross-border membership of pension funds is permitted. There is a recognition that –

*“We will be able to reach agreement with the Member States on a more coordinated approach to the tax treatment of supplementary pensions only if all risks of tax avoidance are eliminated”* (Monti, 1998).

With regard to the taxation of cross-border savings income, the Commission has presented a proposed Directive to ensure minimum effective taxation of savings income within the EU.<sup>19</sup> The proposal aims to tackle economic distortions within the Single Market that arise from non-taxation of cross-border payments to individuals. The proposal is based on a principle named the ‘coexistence model’ which would allow each

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<sup>19</sup> COM (98) 295.

member state either to levy a withholding tax on the relevant income or provide information on that income to the competent tax authority. An individual who placed savings in another member state would know either that the tax authorities in his home state had been informed of the interest received or that he would receive interest net of the withholding tax. Alternatively, he could apply for a certificate from the home state to provide to the paying institution so that no withholding tax would be levied (Commission, 1998a).

However, while these discussions represent one step towards eliminating tax distortions, it is nevertheless a small one and must be agreed unanimously by the Council. Moreover, if the proposal is accepted, full and clear explanation must be made available to those citizens affected by the payment of interest on cross-border investments to ensure that the legal framework is fully understood. As the area of fiscal harmonisation is one that remains subject to unanimous agreement in the Council and is a complicated and sensitive issue for member states, progress in this area will undoubtedly remain slow with member states likely to resist any major developments.

### **5.11 The abolition of border controls and the Schengen Accords**

The abolition of border controls at the Community's internal frontiers has been on the agenda since 1972 but received a lukewarm reception at the time and has not led to any Community-wide action since. However, in 1985 a group of countries signed the Schengen Agreement which resulted, ten years later, in the Schengen Accords which came into being in March 1995 for 9 of the 15 member states (Belgium, France, Germany, Luxembourg, the Netherlands, Greece, Italy, Portugal and Spain).

This agreement aimed to make a border-free internal area within which citizens would be free to circulate without checks. This depended largely on the establishment of the Schengen Information System (SIS), a police intelligence network. However, the agreement met with a number of serious difficulties which delayed implementation and further setbacks were encountered in July 1995 when France announced that it was going to maintain border controls with its Schengen neighbours for the time being. The other

countries nevertheless decided to continue and new EU members, Austria, Sweden and Finland were in 1995 negotiating to join (Convey & Kupiszewski, 1995; Handoll, 1995).

The Schengen Accords are not of direct relevance to the present study as the UK does not participate in the Schengen Accords and Franco-British migration does not therefore fall within the remit of this agreement. The Accords are nevertheless of interest as there appears to be a degree of overlap between the aims of universal EU integration as laid down in the treaties (particularly the SEA and the Maastricht Treaty) and those contained in the Schengen Accords, which also aim at dismantling internal controls. As a result it is believed that some irregularities may occur (Convey and Kupiszewski, 1995). Similarly, the High Level Panel noted that the existence of the Schengen area creates “*a fragmentation of the area of free movement between Schengen and non-Schengen countries*” which might be interpreted as running somewhat counter to the rationale of the SEM (Commission, 1997d, 15).

Despite this, it would seem that the Schengen group of countries have been acting as a sort of ‘testing ground’ for EU-wide integration and attempting to find solutions to problems (such as the control of third country immigration, visa policy, harmonisation of criminal laws etc.) that will occur when, and if, full EU integration is attempted (Callovi, 1992).

In view of the wide range and complexity of existing national policies that would require to be harmonised to achieve the complete removal of border controls, this prospect may be some way off. On the other hand, it has been argued that the Community will be obliged to address these difficulties if it is to truly move beyond its economic framework (Donner, 1993). This, in turn, should have positive consequences for EU citizens in helping them to identify with ‘Europe’.

## **5.12 Concluding remarks**

The main criticism generally levelled at the EC rules on freedom of movement are that the rules are somewhat like a patchwork quilt with lots of different parts making up the

whole. It has been observed that European social law is disparate and heterogeneous, aiming variously at harmonisation or co-ordination and with varying requirements for imposition (Bertrand, 1990). According to Bertrand, this heterogeneity is due to the fact that the founding principles of the Economic Community were that economic progress would as a matter of course, result in social progress. As time went by, progress in economic and political terms meant that fragments of social legislation were added on to the structure in a rather piecemeal fashion.

Bertrand also argues that although the principles underlying the Community may seem impressive, in reality they often fall short of expectations as they are often not very far reaching or in many cases, do not afford much more protection to citizens than they already enjoyed anyway under national legislation (this criticism may again apply to the posted workers legislation recently adopted). In this respect, the SEA did not make a significant step forward as the powers given to Community institutions remain small (Bertrand, 1990) and many areas of concern to the free movement of workers remain subject to unanimous voting (i.e. social security, workers' rights, fiscal issues etc.).

In order to make a significant step forward in removing the remaining obstacles to the free movement of people, there needs to be a political commitment by all member states to work together towards this end. Some positive and proactive steps have recently been taken, albeit on a small scale, with the establishment of initiatives such as EURES and the establishment of the High Level Panel. (The Panel also found that much of the legislation to guarantee free movement is in place, but much more still needs to be done on a practical level.) However, the recommendations made will be of no use if a broad political consensus is lacking. In the present post-1992 climate, it is not clear whether this consensus is forthcoming, particularly in the highly sensitive area of social policy.

#### i) The remaining obstacles to intra-European mobility

In this chapter we have looked at the Commission's work towards removing the administrative, legal and institutional obstacles to mobility and have seen how this so-called 'negative' integration has given way to measures of a more 'positive' nature.



Positive measures have contributed to creating the conditions for free movement by encouraging member states to put in place the additional measures to allow all member states' citizens to exercise their right to mobility. Positive steps include tackling areas that may not be prohibitive to mobility in legal terms but nonetheless make it difficult for people to become mobile. These measures intend that member states recognise that what is acceptable in one member state should be acceptable in other member states; the Directives on the mutual recognition of diplomas are an example of this logic. Other positive measures include the establishment of EURES and to some extent, the posted workers Directive.

As we saw above, with the creation of the SEM came the expectation that intra-European migration would increase by a significant amount – yet this expected increase on a broad scale has failed to materialise, except for relatively small flows of highly skilled migration which has been largely facilitated by the activities of multinational companies (chapter 4). In view of the considerable progress that has been made in the area of free movement, it is appropriate to question why the predicted increase in mobility has not occurred, despite the fact that the major legal restrictions to mobility have been removed and statutory social protection schemes have been harmonised.

The explanation resides in the fact that though significant progress has been made, a number of barriers of a more practical nature remain. Firstly, at the macroeconomic scale, it is clear that major differences exist between the structure and working practices of the labour markets across European countries. In chapter 2, the labour markets of Britain and France were compared and it was seen that these labour markets differ significantly in the administrative organisation of the company structure and the types and status of jobs that become available, with a greater tendency towards internal labour markets in France and occupational labour markets in the UK. Moving between these different labour market structures may present individuals with difficulties in terms of having skills or training recognised.

Other factors such as language and culture differences further complicate the mobility of workers. As Hantrais (1995, 179) points out –

*“Ultimately the reluctance of employers to recruit senior staff from other member states or for well qualified labour to move between countries, except in the case of multinational firms, may be explained by cultural differences and knowledge of foreign languages”.*

This reiterates the point referred to elsewhere in this thesis, that corporate mobile workers have an advantage over individual mobile workers even where skills levels are similar. However, it also reminds us that even where workers have high qualifications and skills levels, they may still not have sufficient language skills to enable them to perform their jobs in another member state. Pan-European culture differences should also be taken into account. Although unlikely to seriously hinder free movement, they may nevertheless be a contributing factor – for example, where an assignment has been less successful than hoped. In addition, Hantrais points out that culture differences are a source of problems for migrants wishing to settle in the host country who must adapt to new cultural norms and expectations.

In terms of administrative and practical factors, supplementary (particularly pension) arrangements are probably one of the most important remaining barriers to mobility, particularly for highly skilled migrants (section 5.3). However, the short term span of many highly skilled migrants’ stays in host member states make it difficult for such workers to benefit even from statutory protection in host states - though member states may find qualifying periods useful as a way of preventing ‘social tourism’ (Leibfried & Pierson, 1995).

Finally, there are a host of other practical difficulties that inhibit individuals’ abilities to exercise mobility. Finding a job in another member state is only the first step towards mobility. There is then the question of ensuring the recognition of skills and qualifications by employers for non-regulated professions (recognised as a particular problem by the High Level Panel); resolving housing and family issues (children’s schooling, what to do about a spouse’s career for dual career couples); organising finances, paying for the move and so on. With regard to the distinction between highly skilled corporate movers and highly skilled individual movers, some of these practical problems evidently impact more on individual movers than corporate movers, as major

companies transferring or seconding workers across Europe can overcome some of the problems inherent in pan-European mobility on their workers' behalf (section 3.5). However, all highly skilled workers are likely to encounter problems to a greater or lesser extent when becoming mobile. In view of all these factors, it is unsurprising that the 'mobility explosion' of highly skilled workers failed to materialise and that, of the highly skilled workers who become mobile, most do so through the internal labour markets of their multinational employers.

Therefore, despite the considerable progress made to date, while the remaining obstacles to mobility continue to exist, some groups of citizens will continue to be in a privileged position with regard to their ability to exercise their right to pan-European mobility. For instance, it has already been seen how the residence directives have in effect created a category of 'second-class' EU citizen; a lack of targeted action on mobility may allow similar differences to exist for highly skilled workers wishing to become mobile across the EU. At the same time however, it is difficult to see how the existing problems (particularly those relating to supplementary social protection) can be resolved without a major review of current policy involving much closer EU harmonisation of social security systems, fiscal arrangements and other related policy areas. This may not only be politically unthinkable for many EU states, but would be difficult to justify for the 5 million citizens who are mobile of a total EU population (EC-15) of 370 million.

## **6. French and British migration statistics**

### **6.0 Introduction**

As discussed above, in the lead up to the Single European Market, it was generally felt that the new European climate created by the 1992 initiatives would foster the exchange of workers between EC countries; partly due to the increasing 'Europeanization' of companies leading to greater numbers of mobile employees and partly because individuals would seek to maximise their professional opportunities across Europe.

With hindsight however, it can be seen that the European initiatives in themselves have not had such a spectacular effect. Numbers of British and French travelling abroad have increased, but this is a trend that was already underway before 1992 (Salt & Kitching, 1990). Mobile workers are now more likely to be skilled rather than un- or semi-skilled, but total overall numbers of internationally mobile skilled workers remain very small.

There is a consensus of opinion among researchers in this field that there is a lack of accurate statistics on the movement of the highly skilled within Europe. This stems from a) the typical characteristics of this group which render them 'invisible' and b) the lack of controls on intra-EU migration which prevents the gathering of statistics. In the previous chapter, the characteristics of the highly skilled European migrant were discussed in order to respond to the first difficulty. It became clear in this chapter that the nature of these characteristics make the search for relevant statistics even more difficult than it might be for other types of migrant. For instance, we saw above that the highly skilled mobile migrants do not necessarily move in what geographers would generally refer to as 'flows'. They are very much more likely to be moving in a more dispersed manner than traditional migrant flows. Furthermore, they are less likely to remain on a long-term basis in the host country and do not place a burden on the host country's resources. Finally, highly skilled migration takes many different forms which complicates the collection and comparison of data.

These factors, and the short stay horizon in particular, means that there is likely to be a turnover of mobile workers in Britain or France which is not identified by traditional data collection methods. In view of this - particularly the fact that these migrants are not problematic to their host country - this field of migration has not received the attention it deserves. (OECD, 1994, Salt 1992b).

Most of the existing sources of European statistics are inappropriate to migration. For instance, traditional population data, such as labour force surveys and the national censuses, are infrequent and tend in any case to show stocks rather than flows. Moreover, censuses, the main source of population statistics, only occur every ten years in the UK and every eight in France which means that there are lengthy information gaps. Information from the International Passenger Survey does show flows but this is based on sample populations and then grossed up leading to sampling and non-sampling errors.

One source of current information on the number of British in France is the number of 'cartes de séjour' issued by local administration to British people who intend to stay in France for more than three months. Although inexact for a number of reasons (discussed later), this figure can give some indication of numbers of British in France but as there is no equivalent document in the UK, it is much harder to judge the numbers of French people living and working in the UK. French people in the UK may register with the French Consulate but this is done on a voluntary basis and the quantity of paperwork required by the Consulate as proof of residence may well deter many people from registering, particularly if they only intend to reside in the UK for a short time.

Feeling that the difference between potential and actual migratory flows needed to be studied, the European Commission set up a High Level Panel of experts in January 1996 whose remit was to look into the reality of pan-European migration (and particularly the persistent obstacles to free movement for both workers and non-workers). This group pointed out in the introduction to their report that insufficient statistics were available. In a discussion with the author, a representative from the Panel<sup>20</sup> pointed out that although

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<sup>20</sup> Professor O'Keeffe.

the Commission had made its own European migration statistics available to the Panel, these statistics themselves were not very accurate nor were they comparable across member states as each national government based its statistics on different administrative needs and using differing definitions.

However, the need for adequate statistics raises an interesting dichotomy with regard to the free movement of persons. On one hand, as the High Level Panel rightly pointed out, *“statistics are certainly incomplete and allow for insufficient analysis of trends in migration on which to base policy”* (Commission, 1997d, 4). On the other hand, in order to obtain better information on the flows of European citizens, it would be necessary to impose more controls on people. This is obviously not a possibility as it runs counter to the EU’s objectives for free movement. The difficulty stems from the incompatibility of these two objectives; without accurate and up to date information on flows on which to base policy, it becomes difficult to develop policies which reflect and cater to the changing reality of pan-European migration.

As it is important to gain some idea of the numbers and types of migrants moving within Europe and in view of the lack of ready-made statistics, in this chapter all the data sources available to the author are compared and some tentative conclusions are drawn with regard to British and French citizens’ migration. In relation to the difficulty of obtaining and working with pan-European migration statistics and in view of the Franco-British focus of this study, the author has concentrated purely on providing some indication of the numbers of British and French citizens who have chosen to exercise their right to free movement. The reader should bear in mind that the findings are far from being conclusive and should be considered in terms of trends.

#### i) Initial assumptions

British and French censuses are used to give an idea of the number and age ranges of French people in Britain and British people in France. These censuses are not directly comparable as the British census groups ages in 5 year categories while the French

census groups ages in 10 year categories. Thus, when looking at the British in France the ages studied start at 15.

Only the age groups from 15 to 64 are studied in depth as this is the age range that best corresponds to working people. Unavoidably, some children and students may be included in the 15+ age group.

## ii) Definitions

The terms 'skilled worker' and 'professional' are used variously by authors and public bodies to describe the highly skilled worker. To clarify, the category of worker under study here corresponds to the Office for National Statistics (ONS) socio-economic categories A and B. (A = higher managerial, administrative or professional workers; B = intermediate managerial, administrative or professional workers [ONS, 1997]). In companies, the highly skilled or managerial mobile workers tend to be highly qualified engineers, technical specialists, scientists, researchers, top level managers and other professionals.

The OECD definition of this type of worker, though rather narrow, is also relevant, "*a highly-qualified worker is defined as the holder of a higher education degree or of equivalent standing acquired through experience*" (OECD, 1995, 21).

### **6.1 French and British employment profiles**

The figures in table 3 show that Britain and France have similar population profiles as regards numbers and percentages of total population. However, the UK has a slightly larger proportion of retired people and a slightly smaller proportion of young people than France which will have an effect on the labour market and social policies of the future.

Table 4 gives more information on numbers of the working population in the two countries. This table shows that in 1996 the total activity rates for men and women

(meaning the labour force as a percentage of population aged 15 and over) were 55.8% for France and 61.6% for Britain.

**Table 3 Total population on 1 January 1993** (*thousands*)

	France	UK
<b>Total population</b>	57 529	58 098
<b>No. aged under 25 (% of total)</b>	19 737 (34.3%)	19 098 (32.9%)
<b>No. aged over 65 (% of total)</b>	8 360 (14.5%)	9 155 (15.8%)

Source: Eurostat, 1997a

Proportions of men and women in work were similar, but with a reasonably large difference in youth employment with 18.5% of British under 25s in work compared to only 11.3% of French under 25s. This difference might in part be due to greater numbers of young French people staying in education. (The French government has stated as one of its priorities for young people that 80% of school leavers should obtain the 'baccalauréat', whereas the British government is committed to a programme of work-based youth training schemes).

**Table 4 Total civilian employment**

	France	UK
<b>Total civilian employment (x1000)</b>	25 342 <sup>a</sup>	28 515 <sup>a</sup>
<b>% men</b>	56.9 <sup>b</sup>	56.3 <sup>b</sup>
<b>% women</b>	43.1 <sup>b</sup>	43.7 <sup>b</sup>
<b>% aged under 25</b>	11.3 <sup>b</sup>	18.5 <sup>b</sup>
<b>Total activity rate %</b>	55.8 <sup>a</sup>	61.6 <sup>a</sup>

<sup>a</sup> Source: Eurostat, 1997b

<sup>b</sup> Source: Eurostat, 1994 - figures refer to 1991.

While Eurostat find that the proportions of self-employed and employed workers are also fairly balanced between France and the UK (with the UK having slightly larger numbers of both), this equilibrium does not continue into the category of part-time workers. The UK has considerably larger numbers of part-time workers than France which is particularly noticeable in relation to female employment (table 5).



**Table 5 Part-time employees in France and the UK**

	<b>France</b>	<b>UK</b>
<b>As % of total employment</b>	16	24
<b>% of women working part-time</b>	29	45
<b>% of women (25yrs +) who would prefer but can't find a full-time job</b>	37	12

Source: Eurostat, 1997d.

It is also noteworthy that 37% of French women in part-time employment would prefer full-time work compared to only 12% of British women. This may be linked to a higher unemployment rate in France which prevents French women obtaining full-time work (the unemployment rate for French women is nearly three times that of British women - see table 6 below). The fact that more French women work full-time than British women reflects the differences in work organisation and national policy on female employment between France and the UK. As comprehensively shown in Hantrais' informative comparative study of the employment of skilled British and French women, British women have traditionally been effectively discouraged from working full-time by a lack of appropriate child care facilities and tend to choose part-time employment. French women, in contrast, have been much more integrated into employment and benefit from a much better level of child care provision due to France's traditionally more interventionist family policies. There are a number of reasons to explain each country's approach but the significance here is that the differences in national policy have evidently permitted a greater number of French than British women to work full-time (Hantrais, 1990).

Lastly in this brief overview, table 6 provides unemployment rates for Britain and France. This shows that total unemployment rates for men and women in 1997 were considerably different - the French unemployment rate being almost twice that of the UK. Broken down by sex, the figures show a slightly lower unemployment rate for British men compared to French men and a significantly lower rate for British women compared to French women. This may partly be accounted for by the much higher rate of part-time work of British women. Also quite different were the rates for young people, again there

appears to be significantly less unemployment amongst the young British. As mentioned above, youth training schemes may in part account for this.

**Table 6 1997 Unemployment rates in France and the UK (%)**

	<b>France</b>	<b>UK</b>
<b>Total</b>	12.6	6.8
<b>Men</b>	10.8	7.7
<b>Women</b>	14.7	5.7
<b>Aged under 25</b>	27.7	12.6

Source: Eurostat, 1997c

The picture that emerges from the above comparison is that on a general level Britain and France have similar numbers of total population, general employment figures and total activity rates. However, on closer examination it can be seen that the structure of employment differs. British women are much more involved with part-time work than French women, and French youths were more greatly affected by unemployment than British youths. The latter phenomenon has been attributed to the traditional mismatch between training for young people and employer needs, the reluctance on the part of French employers to employ young people without experience, and demographics which meant a surplus of young people entering the labour market in the early 1980s (Brewster et al, 1992).

## **6.2 The migration of French & British nationals within the EC**

It was seen in chapter 2 above that the mass migrations of manual and semi-skilled workers that took place in the 1960s and 1970s have now largely ceased. Improved living and working conditions, as well as better social security provisions, mean that many of the factors that once pushed citizens of one country into looking for work elsewhere no longer exist. A different type of pan-European 'flow' - the flow of highly skilled workers seeking opportunities throughout Europe - though still small, is growing in importance.

In this section some general trends on immigration and migratory flows in France and the UK will be looked at before moving on to look at mobile French and British workers respectively.

#### i) EC migratory flows

The total population of the EC-15 is over 370 million. There are approximately 5.5 million EC citizens currently living in another EU than their own. Every year approximately ¼ million people move from one member state to another and in addition, there are about ½ million people working temporarily in other EU countries (known as posted workers) (Commission, 1996f). Table 7 gives some idea of the number of migrants in France and the UK.

**Table 7 EC and non-EC migrants compared to the total population**

	Total population <sup>a</sup>	EC migrants <sup>b</sup>	Non EC migrants <sup>b</sup>
<b>France</b>	58 020 400	1 322 000 (2.3%)	2 275 000 (4.0%)
<b>UK</b>	58 503 600	818 000 (1.4%)	1 194 000 (2.1%)

<sup>a</sup>Source: Eurostat, 1996a - figures refer to 1/1/95.

<sup>b</sup>Source: Eurostat, 1995a - figures refer to EUR15 on 1/1/92.

The fact that France had a higher number of EC migrants than Britain in 1992 is not surprising considering its traditional inflow of migrants from the South and its central position, whereas traditionally the only major inflow of EC citizens into Great Britain was from Ireland. (The Irish still form the largest single group of EC migrants into Britain annually).

#### ii) Flows of highly skilled/professional workers

The data in tables 8 and 9 are based on information from the International Passenger Survey (IPS) published by the ONS. According to the ONS, about half of those who migrated during the 1983-1992 period were people who had a regular job before migration. In terms of the flow of highly skilled and professional workers, these data show that the number of migrants *entering* the UK who were in the professional and

managerial category has fluctuated since 1983. In contrast, the number *leaving* the UK increased steadily from about 50 thousand in 1983 to over 80 thousand in 1992.

The information in table 8 should be considered in terms of net flows rather than on an individual cell basis. Between the years 1983-1985 there was a net inflow of professional and managerial workers. This was followed by three years of relative stability in net flows with only small losses. This was again followed in 1989 and 1990 by two years of quite large gains in numbers followed again from 1991 to 1993 by years of quite large losses. Similarly, in his evaluation of IPS unpublished data, Salt found that since 1978 approximately 60% of all immigrants and emigrants from the UK in employment were professional or managerial workers (Salt, 1992b).

**Table 8 UK international migration by usual occupation\* (thousands)**

<b>Professional/ managerial</b>	<b>Inflow</b>	<b>Outflow</b>	<b>Balance</b>
1983	55.3	50.6	+4.7
1984	58.8	50.8	+8.0
1985	65.4	51.4	+14.1
1986	76.2	76.8	-0.6
1987	63.1	63.6	-0.5
1988	66.7	67.6	-0.8
1989	75.5	70.6	+4.9
1990	93.1	74.5	+18.5
1991	80.5	81.6	-1.1
1992	62.6	81.9	-19.3
1993	64.2	68.9	-4.7

Source: OPCS, 1994.

\* Refers to regular occupation prior to migration

The information given in table 8 refers to all nationalities in the professional and managerial group leaving and entering the UK and gives no indication of the proportion of EC citizens. The largest group of migrants to Britain is from Commonwealth countries and migration from the EC forms the second largest group.

It is interesting to note that 1992 saw the biggest loss of professional and managerial workers from the UK since before 1983, and it would be tempting to speculate that part of this move outwards from the UK could be attributed to the impact of '1992'. Though this may indeed go some way to explaining the numbers of people leaving the UK, it cannot be stated with any certainty from the information given here. Others have also noted that in the scramble for scarce specialist talent, the flow was more likely to be outwards from the UK than inwards (Storey, 1992). This suggests that the UK had become relatively less attractive to the highly skilled worker (or at least that continental Europe had become relatively more attractive). Another possible reason for the outflow was that UK salary rates for this type of work were generally lower than in continental European countries. This was certainly one of the explanations for losing staff to other EU countries given by Scottish based employers in Thom's study (1992). Evidence from Eurostat also supports this view showing that the gross monthly earnings of non-manual workers in 1993 was higher in France than in Britain for workers in industry or distributive trades (though workers in financial institutions earned more in the UK than France) (Eurostat, 1995b; see also Financial Times Supplement 5/11/97, 1).

**Table 9 Migration between the UK and France\*:  
usual occupation prior to migration by citizenship 1984 - 1993<sup>21</sup> (thousands)**

<b>All occupations/non-occupations Citizenship</b>	<b>In</b>	<b>Out</b>	<b>Balance</b>
All <sup>a</sup>	126.9	107.8	19.1
British	39.0	69.6	-30.6
French	79.2	31.5	47.7
<b>Professional/managerial</b>			
All	22.0	43.5	-21.5
British	7.5	24.1	-16.7
French	12.8	15.1	-2.3
<b>Manual/clerical</b>			
All	30.5	21.6	8.9
British	10.1	15.9	-5.8
French	19.0	5.0	13.9

Source: Office for National Statistics 1996.

\* British and French nationals migrating between France and the UK.

<sup>a</sup> Includes third country nationals.

Table 9, also based on IPS data but on a scale not normally run by the ONS, shows migration between the UK and France by two occupational categories, clerical/manual and professional/managerial. The 'In' column shows British and French citizens coming to the UK, the 'Out' column shows the loss of British and French citizens from the UK, while the 'Balance' column shows the net balance of British and French migration flows on the UK.

This data confirms the trend noted above. Taken by nationality, it can be seen that of the British migrants, on balance there was a greater loss of those in the professional/managerial category than in the manual/clerical category suggesting that those in the former group were more likely to be mobile than those in the latter. For French migrants, numbers of professional/managerial workers who came and left during the 10 year period were fairly balanced whereas there was a significant net gain in clerical/manual workers. Bearing in mind the difficulties of relying too heavily on such

small cell data, it may tentatively be suggested that workers in the professional/managerial category are more likely to go abroad, and may settle for less time upon arrival, than people in the clerical/manual category.

This corroborates findings based on similar unpublished data analysed by Findlay who found that for the earlier period 1973 - 1985, an increasing proportion of actively employed migrants were professional and managerial staff. He also found evidence to suggest that these migrants did not remain long in their new location; *"41% of the professional and managerial group had been abroad for two or less years."* (Findlay, 1988, 403)

### **6.3 French migration**

#### **i) French migration to the UK**

Surprisingly perhaps, a 1993 study showed that of all French expatriates, half were located in Europe (50%) and under a sixth were in French speaking Africa (13%) (Nouvel Economiste, 1993). Turning to pan-European migration, as mentioned above in section 4.0, it is very difficult to look in detail at specific migratory movements as there is no one source of migration statistics. Each national institution therefore attempts to overcome the lacuna by collecting its own data which is evidently drawn up for widely differing purposes. Bearing these points in mind, the available figures for the numbers of French in the UK are presented below.

According to the Home Office, the 1993 Labour Force Survey gives the following figures for the numbers of French citizens in the UK:

- |                                   |        |
|-----------------------------------|--------|
| • All French people in employment | 26 000 |
| • French men in work              | 11 000 |
| • French women in work            | 15 000 |

---

<sup>21</sup> This table was supplied by the Office for National Statistics which points out that the small scale data contained in this table contains large standard error and should therefore be treated with caution.



It is interesting to compare this total figure of 26 000 with the figures for the same year obtained from the French Consulate (London) which are set out in table 10.

**Table 10 French citizens registered and exempt from registration and estimation of the non-registered (French Consulate)**

Place	Registered and exempt from registration	Estimation of non-registered	Total
London	41 548	50 000	91 548
Edinburgh	2069	4000	6069
Jersey	1380	600	1980
Total	44 997	54 600	99 597

Even if account is taken only of the figures in the first column of table 10 (registered and exempt from registration - i.e. only those French in the UK that are actually registered with the Consulate), we obtain a total of 44 997 French people in the UK, contrasting with the 26 000 of the Home Office. On the one hand, it should be noted that the Home Office total refers only to *working* people, whereas the Consulate, in theory, totals *all* the French people in the UK.

However, if we take the total Consulate figure of all French people in the UK (which includes those actually registered plus the number that the Consulate estimates to be in the UK but not registered at the Consulate - the total of the last column of the table) the Consulate figure rises to a staggering 99 597, a difference from the Home Office figure (26 000 working French) of 73 597.

This huge difference may indicate that this number of French people are resident in Britain but are not working. However, as this would appear to be unlikely due to the very large numbers, an alternative explanation is that the Consulate's figures (which include a hefty estimation of non-registered French) are exaggerated. It should also be remembered that the French authorities keep no record of out-migration (i.e. the French citizens leaving the UK to return to France) so that these figures are likely to include a



large number of people who are no longer resident in the UK. As no definitive figures are available no firm conclusion can be made on this point.

The discussion is further complicated by the 1991 UK census which put the total number of French people in the UK at 53,443. This figure is more easily compared to the Consulate total as it also includes all French people in the UK and not just those working in the UK. However, we note that it is significantly lower (by 46 154) than the 99 597 people cited by the Consulate. This difference may be due to:

- overestimation by the Consulate and/or,
- under-representation in the census of short term workers (i.e. those not 'usually resident' in the UK).

All the available figures are laid out below in date order:

<b>1981</b>	<b>39 052</b>	<b>(UK census)</b>
<b>1984-7</b>	<b>28 000</b>	<b>(Eurostat average)</b>
<b>1991</b>	<b>53 443</b>	<b>(UK census)</b>
<b>1993</b>	<b>26 000</b>	<b>(Home Office - French employed in UK)</b>
<b>1993</b>	<b>44 997</b>	<b>(Consulate - registered)</b>
<b>1993</b>	<b>99 597</b>	<b>(Consulate - registered + estimate of non-registered)</b>

In the next section, the analysis of the French in the UK is taken a step further. The 1981 and 1991 British censuses are used to gain a breakdown of French by age and sex thus allowing the formulation of some explanations for this migration to the UK. As mentioned above, data contained in the censuses may not be an accurate reflection of numbers of French citizens in the UK as they contain information on *stocks* rather than flows but the advantage of using the two censuses is comparability.

## ii) French population in the 1981 & 1991 UK censuses

In the following sections, account is taken only of the 20 to 64 age groups in both instances. For the purposes of completeness, some points should be noted with regard to the British censuses.<sup>22</sup>

### a) French people in the UK in 1981

Firstly, looking at the rise and fall in the numbers of French men and women in Britain as age progresses (table 11), it is clear that in the younger age groups of 20-34 the numbers remain stable and fairly high for both men and women. This may correspond to a period in working life where a worker is more likely to be single and gaining experience, but also to an age group which is open to travel and the experience of living in a foreign country.

Young people are probably more willing to travel or live abroad for the new experience and excitement. Indeed this view is cautiously endorsed by the ONS which states that between the years 1983 and 1992, *"Migrants were...more likely to be young, single people. Age is highly correlated with marital status, although it is unclear whether migrants migrate because they are young (and unlikely to be settled in a job) or because they are single (have no family ties), or both."* (OPCS, 1994, p.xiii).

Table 11 **The 1981 UK census (French citizens)**

1981	Total	20-24	25-29	30-34	35-39	40-44	45-64	Total 20-64
<b>all</b>	39 052	4601	4443	4510	2619	2242	9218	27 633
<b>men</b>	12 630	1505	1363	1340	756	663	3469	9096
<b>women</b>	26 422	3096	3080	3170	1863	1579	5749	18 537

<sup>22</sup> 1) It should be noted that while the younger age groups (up to 44 yrs) are treated in five year sections, the last four age groups are added together in the 1981 census. 2) Both censuses refer to those *born in France* rather than having French nationality. For the purposes of this study, the assumption is made that these are French citizens.

However, although the overall pattern in numbers is similar for men and women, there is a significant difference in the actual numbers; there are far more women than men living in the UK in every age category. A number of reasons may be put forward to account for this which might include the greater likelihood of women to study languages and therefore to come to the UK to further this study; in this case, French women would be more likely than men to form personal or professional attachments and thus remain in the UK. Men are relatively more likely to come to Britain as a result of company relocation or transfer, and therefore to remain for less time; research has shown that men rather than women are generally asked by their company to become mobile. Furthermore, evidence based on unpublished IPS data shows that of all EC migrants moving to the UK approximately one third (excluding the Irish) stay with the same employer. (The number reduces to approximately a quarter if the Irish are included). This demonstrates that a significant proportion are corporate movers (Salt and Ford, 1993).

As seen in table 11, total numbers of all French people drop considerably in the 35-44 age group, increasing again after the age of 45. It is difficult to draw any firm conclusions about this as we do not have the breakdown of numbers in the 45-64 age group, however the lower numbers of French in the UK between the ages of 35 and 44 is likely to correspond to a period of lower mobility as families grow up. Evidence from companies demonstrates that couples with school age children are less happy to become internationally mobile.

b) French people in the UK in 1991

**Table 12 The 1991 UK census (French citizens)**

<b>1991</b>	<b>Total</b>	<b>20-24</b>	<b>25-29</b>	<b>30-34</b>	<b>35-39</b>
<b>all</b>	53 443	7510	7181	5238	4761
<b>men</b>	19 458	2889	2995	1965	1521
<b>women</b>	33 985	4621	4186	3273	3240

<b>40-44</b>	<b>45-49</b>	<b>50-54</b>	<b>55-59</b>	<b>60-64</b>	<b>Total 20-64</b>
4814	2758	2145	2187	2676	39 270
1467	839	656	642	822	13 796
3347	1919	1489	1545	1854	25 474

Firstly, it should be pointed out that the age groupings in the 1991 census are more detailed than in the 1981 census. By 1991 there were significantly higher numbers of both French men and women in the UK compared to ten years earlier, particularly in the younger age groups. The age/number relationship seen in the 1981 census has also changed slightly. The numbers are now dropping more gradually for men and even increasing between the 20-24 group and the 25-29 group.

It is possible that the increase is due in part to greater numbers of students studying and travelling abroad and to a general growing awareness of and interest in foreign travel. This phenomenon was certainly apparent in a survey of British students which noted that constant advertising of all things European in the media has had a very positive effect on young people's attitudes towards Europe (Allington & Jones, 1993). Along with the change in personal attitudes, European provisions for easier mobility have continued to be implemented during the ten year interval which may also have had some effect on the numbers willing and able to travel.

The increase between 1981 and 1991 may also in part be due to the continued process of the internationalisation of markets meaning that companies which had previously restricted their activities to one country may ten years later be operating in a wider European framework (through mergers, joint ventures etc.) engendering the need for wider employee mobility. This theory is supported by the ONS which published a report in 1994 stating that *"The estimated numbers of migrants moving to and from the European Community has increased over the decade (1983-1992). Migrant flows in 1992 are higher than those recorded at the start of the decade. This coincides with an increase of links with Europe."* (OPCS, 1994, x).

## 6.4 French nationals in employment in the UK

### i) Age groups

Table 13 below shows the number of French nationals employed in the UK in 1991 by age group and the same information is shown in graph form in figure 3. It shows a total of 28 082 French people working in the UK.

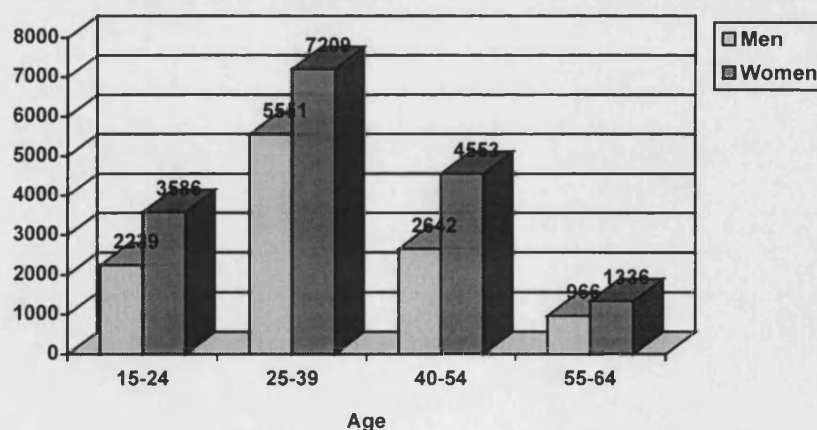
Table 13 French people working in the UK in 1991

	15-24	25-39	40-54	55-64	Total
Men	2239	5551	2642	966	11 398
Women	3586	7209	4553	1336	16 684

Source: OPCS, 1993.

This shows that the largest number of French men and women in employment were aged between 25-39. This corroborates data drawn from the 1981 and 1991 censuses. This trend is the same for both men and women, although as above where women outnumbered men in all cases, working French women in the UK far outnumber working French men in all age categories.

Figure 3 1991 French population in employment in the UK

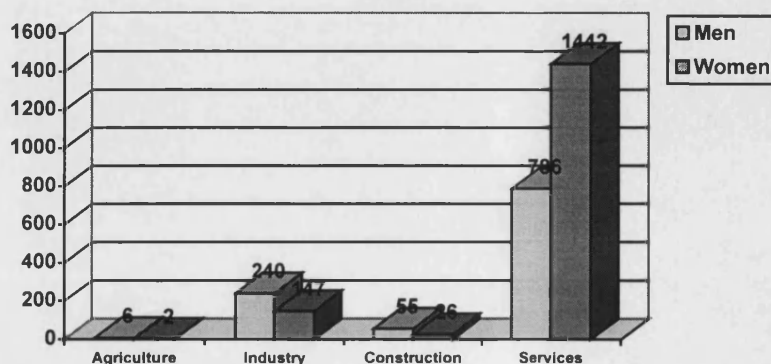


## ii) Industry

Figure 4 is compiled from the information contained in a 10% sample in the 1991 census. Bearing in mind that there are more errors inherent in information gathered from a smaller base, figure 4 clearly shows that French workers in employment in the UK were much more likely to work in the service industry than any other. This is unsurprising given that the service industry is by far the largest in both the UK and France in terms of number of employees. In the UK, 70.1% of all employees work in the service sector with a similar proportion (67.9%) employed in the service sector in France (Eurostat, 1997a). However, French workers may also be attracted to this industry due to its greater need for language skills and accessibility in terms of skill levels.

Although the largest numbers of French people in the UK worked in the service industry, it should be pointed out that this is unlikely to be because service companies have transferred French workers to Britain (other than to accommodate workers' requests to move abroad or movements of very senior level management). In the area of international transfer by companies, the author's research in companies indicates that technical and specialised industries are relatively more likely to transfer workers abroad or bring French workers to Britain than other industries due to the specialised nature of the work. Technological or scientific advances are not necessarily made at the same rate throughout the enterprise and collaboration is fundamental. It is much more likely that the service workers were already in the UK or came on their own initiative.

**Figure 4 1991 Employment of French in UK by sector**



### iii) Socio-economic groups

Information on the socio-economic groups (SEGs) of French people in Britain is particularly difficult to obtain. Table 14 below contains information gathered by crossing data from the 1991 census (Table 16 on social class and socio-economic group) and the 1991 Labour Force Survey of French born and French nationals by applying a mathematical formula.<sup>23</sup>

Although this information may give some indication of socio-economic groups, there are dangers with this type of exercise. The LFS is a sample survey of only 160 000 people and the results are 'grossed up' to give estimates for the whole population. Estimates based on such small numbers are proportionately more uncertain than those based on a broader scale and the finer the analysis becomes, the greater the possible errors contained in the results. Care should therefore be taken not to rely too heavily on these results.

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<sup>8</sup> This cross-table data prepared by the Population Statistics Division of the ONS, October 1994.

**Table 14 Socio-economic groups of French workers in the UK in 1991  
(employees and self employed) (%)**

Socio-economic group	Males	Females
1. Employers & managers - large establishments	6.36	3.19
1.1 Employers	0.04	0.01
1.2 Managers	6.32	3.18
2. Employers & managers - small establishments	12.84	7.52
2.1 Employers	3.67	1.77
2.2 Managers	9.17	5.75
3. Professional workers - self employed	1.47	0.28
4. Professional workers - employees	5.6	1.56
5. Intermediate non-manual workers	10.05	18.15
5.1 Ancillary workers & artists	9.31	16.76
5.2 Foremen & supervisors non-manual	0.74	1.39
6. Junior non-manual workers	9.08	36.56
7. Personal service workers	1.3	8.48
8. Foremen & supervisors - manual	3.07	0.75
9. Skilled manual workers	20.89	2.65
10. Semi-skilled manual workers	11.4	9.11
11. Unskilled manual workers	3.91	7.24
12. Own account workers (other than professional)	9.25	2.79
13. Farmers - employers & managers	0.64	0.13
14. Farmers - own account	0.72	0.14
15. Agricultural workers	1	0.52
16. Members of armed forces	1.4	0.14
17. Occupation inadequately described or not stated	1	0.77

Bearing these points in mind, it is interesting to note that the male and female SEGs differ quite widely. The greatest proportion of French males are skilled manual workers (20.9%) followed by managers and employers in small establishments (12.8%) and the third largest category is intermediate non-manual workers. For women, by far the largest SEG is that of junior non-manual workers (36.5%), followed by intermediate non-manual workers (18.2%). This suggests that French workers in Britain are mainly non-manual workers, with men being employed at a slightly higher level than women.



Data supplied by the Office des Migrations Internationales (OMI) provides a further indication on potential mobility. This Paris based office acts as a point of contact for individuals who are interested in working abroad and disseminates information on work opportunities in other countries. In the first quarter of 1994, the following groups of French people formed the four largest information seekers on employment opportunities abroad:

- Engineers and technical/managerial workers (18.8%)
- Commercial and other managerial level workers (13.4%)
- Students (13.3%)
- Technical/specialised workers (10.6)

Source: OMI, 1994.

This shows that the French individuals who are potentially internationally mobile are highly skilled and top level workers.

## **6.5 British migration**

As before, sources of British migration figures vary widely and the criteria used for calculating who qualifies as being resident in France is not always clear. However, the figures for the British in France do appear to be slightly more coherent than for the French living in the UK.

In 1989 France was the third most popular EU destination for British nationals; of all UK citizens living in another member state, 16.5% were living in France (Germany and Ireland had the most British citizens) (Office des Migrations Internationales, 1989). This is borne out by evidence gathered during interviews with the personnel and expatriation managers of major international companies. Almost every manager interviewed stated that workers from this country are generally happier to accept transfers out of the UK than other nationals are to accept transfers into the UK. One manager attributed this to the perception that life styles and salary levels are higher in France than the UK.

That the British are happy to leave the UK for France holds no surprises; it is a fact that despite (or perhaps because of?) cultural differences, language etc., a significant number of British people - especially the more financially secure from cities in the South East - buy houses in France, particularly in Brittany and Normandy. According to a study on this subject, the reasons for such migration are accountable to house prices being two to three times cheaper than in the South East of England, its proximity to the UK (and particularly the rich South East) and better weather. Finally, British people often perceive the French way of life as being 'better' than in England (Douillet, 1993).

#### i) Numbers of British in France

One indication of numbers of British citizens in France can be obtained by considering the number of 'cartes de séjour' and 'cartes de resident' issued to British people by the local administration (Préfecture). When contacted in May 1994, the French Ministère de l'Intérieur stated in response to the question, 'how many British citizens are currently living in France' that on the 31 December 1992, the number of British people currently holding one of above documents was 59 790. This figure includes those who were resident in France and engaged in the process of obtaining a carte de séjour.

However there are reasons to consider this figure only as an indication. Holders of a 'carte de séjour' would still be considered as resident in France if their card was still valid but they had in fact already left the country without informing their local Préfecture. Equally, any British person who had died in France or who had obtained French nationality while still holding a current 'carte de séjour' would also remain included in the figure until the expiry date on their card. Finally, the figure given by the Ministère would not include those on short term stays in France as anyone staying in France for less than three months needs no special documentation other than his own national passport.

Turning to other sources, the OMI put the number of British in France in 1989 at 38 610 and the French population census put the figure at 34 000 in 1982 (a similar figure was given by Eurostat based on the census i.e. 34 180) and at 50 442 in 1990. By 1993, the

French statistical body INSEE stated that the number of British nationals in France was 50 000, a little less than the figure given by the Ministère de l'Intérieur. Also in 1993, using the figures from the labour force survey, Eurostat put the number of British in France at 41 500. Putting these figures into date order gives the following:

<b>1982</b>	34 000	(French census)
<b>1989</b>	38 610	(OMI)
<b>1990</b>	50 442	(French census) <sup>24</sup>
<b>1992</b>	59 790	(Ministère de l'Intérieur - 'cartes de séjour')
<b>1993</b>	50 000	(INSEE)
<b>1993</b>	41 500	(Eurostat)

Bearing in mind that these sources of information are not directly comparable, it would seem that the numbers of British citizens in France have increased over the period 1982-1993. The following section compares the two most recent French censuses. The data is treated in a similar manner as in section 4.3(ii) above.

## ii) British population in the 1982 and 1990 French censuses

The figures used are taken from the 'Nationalités' section of the census which gives figures for other nationalities residing in France. As before, only those aged between 15 - 64 are included.

### a) British people in France in 1982

**Table 15 The 1982 French census (British citizens)**

<b>1982</b>	<b>Total all ages</b>	<b>15-24</b>	<b>25-34</b>	<b>35-54</b>	<b>55+</b>	<b>Total 15-64</b>
<b>all</b>	34 000	5588	8264	8448	6768	29 068
<b>men</b>	17 340	2108	4120	4900	3552	14 680
<b>women</b>	16 660	3480	4144	3548	3216	14 388

In 1982, there were a total of 34 000 British people in France, fairly equally divided between men and women. Generally speaking numbers increase in the 25-34 age group, with figures remaining stable until dropping off in the oldest age category. The largest overall numbers are found for men in the 35-54 age category but this category has two age bands together whereas the other groups are in 10 year bands. However, larger numbers in this group may also be accountable to the fact that this age group may have an increased likelihood of having been posted to work in France by this age.

b) British people in France in 1990

Table 16 **The 1990 French census (British citizens)**

1990	Total all ages	15-24	25-34	35-54	55-64	Total 15-64
all	50 422	7154	10 853	16 574	3973	38 554
men	25 321	2899	4808	9094	2252	19 053
women	25 101	4255	6045	7480	1721	19 501

By 1990, the total number of British people in France stood at 50 422, an increase of 16 422 over the 1982 figure. Numbers of men and women increased by similar amounts and in similar proportion to their respective numbers in 1982. The total growth in numbers is similar to the growth in the total number of French people in the UK between the two censuses studied.

However, whereas there are far more French women in the UK than French men, the British in France are divided equally between men and women overall though the weighting changes with age. Up to the age of 34 there are more British women, after that age there are more men, particularly in the 35-54 age group where there are 1614 more men to women. As before this may be due to the stage in working life. This is an age at which men have a higher potential mobility with their employer due to their seniority in

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<sup>24</sup> The French census includes British citizens born in France, i.e. children of British residents. This figure is likely to be small however, the 1990 figure includes only 628 British born in France.

the company and experience. As mentioned above, this explanation is predicated on the fact that transferring workers are still much more likely to be men.<sup>25</sup>

More women in the younger age groups may correspond to greater numbers of students and young women who are travelling, possibly before returning to the UK to settle down.

## **6.6 British nationals in employment in France**

Table 17 below is taken from the 1990 French census and shows the numbers of 'étrangers actifs' (British people of working age) in France. This shows a total of 25 284 working British people in France with slightly more men in employment than women (by 4798). Unfortunately however, without a breakdown of the type and level of work undertaken, it is not possible to formulate any theories regarding socio-economic category of these workers.

**Table 17 British people working in France in 1990**

<b>Working/unemployed</b>	<b>Men</b>	<b>Women</b>
<b>Employed</b>	15 041	10 243
<b>Unemployed</b>	944	1096
<b>Total</b>	15 985	11 339

Source: INSEE, 1992.

The census figures are corroborated by figures given by the OMI in 1989 (see table 18 below). The OMI figures for 1989 show less males in employment than the census figures and a slightly higher number of females. Overall however, there is very little difference in these total numbers of working British people in France which can be accounted for by slight differences in definition and the fact that the OMI figures relate to 1989, while the census relates to 1990.

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<sup>25</sup> All companies interviewed confirmed that male employees are much more likely to be transferred than women employees due to the type of work filled by men and women. Estimates usually place the figure at around 90% men to women. (See chapter 8.1 below).

Table 18 **British people working in France in 1989**

Males	Females	Total
10 908	12 496	23 404

Source: OMI, 1989.

It is interesting to note that comparing information in tables 13 and 17 show that the numbers of British people employed in France and the number of French people employed in Britain are quite similar (2798 more French in the UK than British in France if the French census is used, and 4678 more French in the UK if the OMI figures in table 18 above are used). This suggests that the flows between France and the UK are comparable and might properly be described as an 'exchange' of workers.

### **6.7 Concluding remarks**

As we have seen the information taken from the censuses, IPS and other official sources can only provide an indication of whether citizens are taking up their right to go and live and work in another Member State. Broad trends have been identified in British and French citizens' migration but information gaps prevent more detailed conclusions. From this information, we have seen that growing numbers of British and French nationals are moving to France and Britain respectively, and that women are just as likely to be mobile as men, though the differing age ranges for mobile men and women suggest that the reasons for mobility are not the same.

In chapter 3.2 above, highly skilled and professional migrants were divided into two categories: individuals who decide to go independently to another country to seek work, and secondly, corporate movers i.e. those who have become mobile through an employing organisation's internal labour market. Without interviewing a large number of mobile people who have exercised their right to live and work in another member state however, it is difficult to be conclusive about the French and British mobile citizens identified in this chapter.

However, as far as individual movers are concerned, along with the data studied above, information from UK Euroadvisers suggests that Euroadvisers' services have been used by relatively large numbers of people since the creation of the network in November 1994 and that numbers are increasing steadily. However, there is no definite relation between the numbers of enquiries and the numbers of people actually acting on advice received. In fact, one Euroadviser suggested that there may even be a negative relation between advice and mobility in some cases; i.e. that advice given to less well informed potential migrants can discourage them from undertaking mobility whereas they may have been more inclined to 'leap into the unknown' if advice had not been available.

In relation to corporate movers, increasing international mobility would appear to correlate to many companies' declaration that they are becoming more 'European' in structure and outlook. Some observers suggest that many highly skilled workers are likely to be mobile within their company's internal labour market and that an increased 'Europeanization' of the company will lead to greater mobility of these categories of workers.

While this is undoubtedly true in part, one must avoid the danger of oversimplification. Not all companies have a need to transfer workers between branches and 'Europeanization' is a phenomenon that appears to be affecting only a small minority of companies. Evidence from companies interviewed for this study suggests that those operating in more technical and specialised fields have a greater need for staff mobility than those in more traditional sectors (see chapters 6 and 7 below). However, although corporate mobility is easier to trace and categorise than individual mobility, even very large employers talk in terms of tens rather than hundreds of transferring workers. Numbers of employees who become internationally mobile in this way are thus very small in relation to the size of companies and total workforce.

The main conclusions that can be drawn from the data presented in the preceding sections are summarised below:

- There has been an overall increase in the total number of flows of British and French citizens between the UK and France over the period 1980-1992/3.

- The term 'exchange' is particularly appropriate for British and French *workers* as these appear to be mobile between the two countries in similar numbers.
- Evidence from the International Passenger Survey, the Labour Force Surveys and the OMI combines with evidence from companies to indicate that mobile people are increasingly falling into the highly skilled and professional/managerial work categories.
- Data from these sources also indicates that this type of worker is unlikely to remain for long periods in the host country but is more likely to remain for relatively short periods.
- However, these numbers are still relatively small and cannot be considered in terms of major flows.
- Manual/clerical and semi-skilled workers are now less likely to be mobile than ten years previously.



## **7. The demand and supply of European mobility in companies**

### **7.0 Introduction**

It has been suggested in earlier chapters that a large part of EU-wide worker mobility may be undertaken by employees in the framework of their employer's internal labour market. However, it has been pointed out that this growing consensus on the implications of the SEM for labour mobility is building up around people's expectations rather than on survey evidence (Thom, 1992). This is still mainly the case, though existing empirical evidence relating to internal rather than pan-European or international mobility can provide some indication of the determinants of highly skilled migration. Atkinson's (1987) study of the geographical mobility of professional and managerial workers within British based companies is a particularly comprehensive study concentrating on internal UK moves. However, comparison of internal and international moves can only be taken so far.

Many company surveys with a more European or international focus have tended to concentrate on companies' readiness for 1992, personnel management issues and other dimensions (Wood & Peccei, 1990; EIRR, 1989; EIRR, 1990; Johnston, 1991). In the light of this, we wished to look at companies' current demand for mobility from their staff. Bearing in mind that the nature of international mobility had been changing in recent years (and that the days of the old expat style mobility are gone) and in order to test the hypothesis outlined above about the new types of worker mobility evolving in the EU, we set out to establish firstly the numbers of staff affected by international mobility in companies, which categories of employee were most likely to be requested to undertake international mobility and the issues that this raised in companies. We also wished to find out whether the Single Market initiatives had had any effect on companies' international mobility and on the numbers of mobile staff.

The author began the company research with a set of assumptions about the demand for mobility in companies which was informed by the body of existing research in this area. The assumptions were that mobility would mainly affect the higher levels of staff

(managers, professionals), that mobility would be for relatively short periods of time and that it would only concern large, international companies. As we were unsure about companies' willingness to divulge information about their mobility programmes and policies, the research took a triangular form (in accordance with established research methods) in order to gain information from a number of different sources. The methodology thus included a preliminary postal survey, in-depth company interviews and employee interviews. An explanation of the research methodology is given below.

The questions and responses to the postal survey are given in the first part of this chapter. In the second part the company case studies and the results of the depth interviews are presented and in the final section, the employees' experiences of international mobility are presented.

## **7.1 Methodology**

A decision was initially taken to study only Britain and France and thus to contact only British or French companies (or Franco-British joint ventures). There were a number of factors behind this decision. Firstly, the scale of the study had to be limited to two countries for practical and financial reasons. On a basic level, France's proximity to the UK would lessen the practical difficulty and travel expenses. Secondly, the author speaks fluent French thus allowing interviews/research to take place in France. Finally, the relatively high level of cross-border activity between France and the UK (shown in chapter 2.1 above) led to the assumption that significant numbers of British and French workers would be mobile between these two countries through the internal labour markets (ILMs) of transnational companies.

An original preliminary postal survey was carried out in November 1994. The Chamber of Commerce for the South West region of England was contacted and a list of French companies in the region was obtained. A short questionnaire was then sent to all 23 companies on this list asking about currently employed French nationals, whether these workers had been recruited in France specifically for employment in the UK branch and exchange/mobility programmes between the British and French branches of the company.

A total of 11 companies responded to this survey and evaluation of the somewhat patchy responses indicated that the information asked for was generally unknown to the managers in these branches. Many responses included indications to contact company head office, for instance.

As a result of the inadequate response to the preliminary enquiries, a different approach was then adopted to widen the geographical area of the research. A list was compiled of the head office addresses of 157 French/British companies. The only criteria set at this point were that companies had to have branches established in two or more European countries and, as before, be British or French owned (or Franco-British ventures) but were otherwise selected at random from several company directories (see bibliography). A second short postal survey accompanied by a covering letter was then sent out to all the companies on this list during March/April 1995. The questions asked on this postal survey aimed to establish how many of the companies contacted sent workers to another European country for work purposes, whether this international transfer was regulated within the company by some form of mobility policy and whether companies felt that the establishment of the Single European Market had made any impact on their staff mobility.

Out of the 157 mailed questionnaires, a total of 55 replies were received. This gives an overall response rate of 35%. 14 of the replies could not be used, leaving 41 useable responses or a total useable response rate of 26.1%. (A further two responses were not used as they duplicated earlier responses from two companies and it was decided to take into account only one questionnaire per company). The data gathered in this postal survey were intended to be used as preliminary research in order to identify case study companies. It also served to provide some background information on companies' mobility thinking. The information is included in section one below.

The second part of the research was then undertaken. This involved the selection of ten companies from the useable responses of the postal survey. Representatives from each company were then interviewed in order to gain more detailed information about the company's demand for mobility and how mobility was managed. (A brief outline of each company is provided in Appendix 3.) These companies were specifically selected

due to their positive responses to the postal survey and the interest shown in international mobility.

The interviews were carried out between 1995 and early 1996, with the person responsible for co-ordinating the international mobility of employees at each of the ten selected companies' head offices in France and the UK. In most cases this representative was the human resource or expatriation manager, though in one case the finance manager was responsible for mobility. An additional three interviews were carried out in France at the company head offices of companies already interviewed in the UK. Again these interviews were carried out with the human resource/expatriation managers. All interviews took the form of semi-structured depth interviews of approximately 1-1½ hours (see Walker 1985, for outline of interview techniques used). Information was then compiled using methods similar to the 'cognitive mapping' technique described in Walker (1985, 59).

A criticism that could be levelled at this approach is that the information gained is self-fulfilling, in that only companies interested in mobility were contacted. However, the aim of the study was to find out about the current nature of mobility in the companies that use it and as a conclusion to hopefully establish some idea of best practice. For the purposes of our study it would not have been useful to issue a survey, or interview a number of companies with no interest in mobility. The point was not to find out how many companies used international mobility in their operations, but to establish the practice and demand for mobility in those that did. Wood and Peccei (1990) noted that companies that already have links in Europe tend to have more developed policies of a European dimension and it therefore made sense to pick this type of company for the focus of the present study. In this respect, the method of selecting companies was related to the 'focused sampling' technique used in qualitative research (see Hakim, 1987, 141).

The information gathered provides a 'snapshot' of each company's mobility at the time the interviews were carried out. While the nature of company demands mean obvious fluctuations in the demand for internationally mobile staff, taking a wider view, managers mostly stated that they expected staff mobility levels to remain broadly stable in future

years as they had been in previous years. This suggested that mobility in these companies was not likely to alter radically in the near future. It can therefore be assumed that mobility policies and the development of mobility in these companies were likely to remain stable and no indications were found to suggest that this was not a reasonable assumption.

Finally, an attempt was made to gain the perspective of the mobile employees themselves. Following the preceding research, a questionnaire was circulated to employees who had recently been mobile between France and the UK via the human resource departments of the companies interviewed. However, the results of this were very disappointing (30 questionnaires were distributed and only 6 responses returned).

Obtaining information from individuals in this manner is a notoriously difficult task and the poor results from this attempt can be partly explained by the fact that companies often circulate their own in-company questionnaires so that workers can become 'saturated'. It may also have been the case that employees were reluctant to be seen 'dishing the dirt' on their employing organisation despite assurances of anonymity. However, a second, more fundamental explanation is simply that the possible sample size is itself very small. Numbers, per year, of internationally mobile employees often do not reach, or only just reach, double figures even in some of the most major multinationals. This meant that there were very few workers in each of the companies who had had international experience and even fewer had had this experience within the last year.

Despite this, another attempt was made to make contact with recently mobile employees. This involved the more direct approach of contacting some of the ten companies interviewed with a view to obtaining the names of employees who might be willing to discuss their experiences. Using both this method, the depth interviews and the postal questionnaires, the experiences of nine employees were obtained. These data are not intended to be considered as representative, however, there is some justification for including such small scale data partly in view of the fact mentioned above that numbers of assignments per year are small (as a percentage of the total number of employees) and partly because as one company pointed out "*no two cases are the same*". Furthermore,

there is a lack of existing anecdotal data from individuals who have undertaken international transfers. This information was thus considered as a way of filling the information gap and formed the third pillar of the triangular research.

## **Part One: The postal survey**

### **7.2 Questionnaire measures**

Identical questions were drawn up in English and French. The questions were as follows:-

*1. Does your company sometimes recruit workers in the EU for work in British branches, or send British workers to one of your EU based operations?*

This aimed to establish whether the company used international mobility in any way in its operations. If the company responded negatively to this question, it was regarded as an unusable response. However, if a company replied that it only rarely moved workers in this manner, the information was included.

*2. Does your company have a policy of exchanging/transferring workers to overseas branches?*

This question aimed to establish whether companies had a formal procedure for transferring workers (which would usually include a company mobility policy). This question required only a 'Yes/No' answer, though some companies chose to make other comments at this point, some of which were relevant to later questions and were therefore included in those answers. Some companies stated that they have informal procedures but these were not considered to be a positive response to the question and were thus included in the 'no' category.

*3. Has the above policy (if existent) been devised as a general company practice (for instance, to transfer skilled workers) or as part of personal career development?*

Of the companies which responded positively to question 2, this question aimed to divide staff mobility into two broad types of staff transfer: moves instigated purely as a result of the company's own requirements and moves targeting the personal development of the worker.

4. *What effect(s) has 1992 had on the number of internationally mobile workers in your company?*

A blank space was left for answers. This question aimed to discover whether the Single Market had had any effect on companies' mobility patterns or the number of mobile staff.

5. *To what extent (if at all) do you think that a frontier free Europe will affect/has already affected personnel policy and decision making in your company?*

A blank space was left for answers. Following on from the previous question, this question hoped to establish the impact of a frontier free Europe on the companies' internal personnel policy and decision making process.

### 7.3 Tables of results

1. Does your company sometimes recruit workers in the EU for work in British branches, or send British workers to one of your EU based operations?

(Particularly British-French exchanges)

Table 1

Yes	Rarely
36	3

2. Does your company have a policy of exchanging/transferring workers to overseas branches?

Table 2

Yes	No
33	6



3. Has the above policy (if existent) been devised as a general company practice (for instance, to transfer skilled workers) or as part of personal career development?

Table 3

Company needs	Personal development	Both	N/A
6	6	23	4

4. What effect(s) has 1992 had on the number of internationally mobile workers in your company?

Table 4

Some effect	Little effect	None
4	9	26

5. To what extent (if at all) do you think that a frontier free Europe will affect/has already affected personnel policy and decision making in your company?

Table 5<sup>26</sup>

Yes - has already affected us	
a) We now allow staff to apply for positions throughout company	1
b) Now recruit from whole of EU base	1
c) Indirect effect due to change in company structure	2
d) Increased international perspective/encouraged mobility	2
e) Now administratively easier to move staff	7
f) Staff placed in host company as local and not as expatriate	3
g) Considering the establishment of works councils	1
<b>TOTAL</b>	<b>17</b>

<sup>26</sup> All the answers in tables 5 and 6 were offered by companies.

Table 6

Yes - it will affect us	
a) May increase international perspective/mobility	1
b) It may necessitate introducing a transfer policy for the first time	1
<b>TOTAL</b>	<b>2</b>

Table 7

Has had/will have no effect
20

#### **7.4 Comments on the results**

##### **i) Question 1: Transfer and recruitment strategies across the EU**

All respondents answered positively to this question though three companies stated that they only rarely move staff internationally. This was not unexpected as companies had been mainly selected as candidates for the questionnaire from directories containing details of the largest companies. However, the overwhelmingly positive response to this question showed that companies were thinking about staff international mobility.

##### **ii) Question 2: Official transfer/mobility policies**

The majority of respondents stated that they operate a mobility/expatriation policy. This number was approximately proportional to the number of companies that stated that they move staff internationally (i.e. the companies that answered 'yes' to question 1). However, as a greater number of companies move staff than the number which stated that they have a mobility policy, it would appear that some companies' move staff without having a mobility policy. This raises the question of whether the process is made easier by having a formal policy and how the procedure differs between companies that do have a policy and those that do not. These questions go beyond the scope of the questionnaire but are looked at in parts 2 and 3 below.

The fact that so many of the companies do have some provision for worker mobility indicates that it is easier for companies to move workers when a company mobility policy is in place. However, it should not be forgotten that the type of policy and how much it covers may vary from company to company, although the European multinationals spoken to during interviews appeared to have similar (usually wide ranging) policies.

iii) Question 3: The motives behind the development of a mobile workforce

Over half of the respondents (23 out of 39) stated that their mobility policy had been devised to accommodate both company needs and the personal development of their workforce. Of the remaining 16 companies, 6 said that their policy was designed primarily to provide a mobile workforce to satisfy company needs. A further 6 stated that their policy had been developed as a tool for the personal and career development of staff. The remaining 4 companies could not answer or did not know.

A number of the companies which stated that their mobility policy was designed to develop staff potential, noted in addition that the policy was only aimed at the development of already experienced employees (usually specialists and managers) and/or potential high flyers. In terms of company policy, this demonstrates that companies have very explicit aims and uses of their mobility policies. The development of an international workforce may be a priority in some companies, perhaps being used as one of the tools to pursue greater internationalisation or 'globalisation'. This is discussed further in chapter 8.

Finally, the positive response to this question confirms the fact that companies recognise the advantages of international mobility for their company.

iv) Question 4: 1992's effect on the number of mobile workers

The answers given in question 3 and above indicate that companies considered international experience and a mobile workforce to be important. According to the evidence put forward in chapter 2.1, we might consider this to be the natural consequence of the 1992 initiatives which provided new opportunities for companies in a Single European Market (as outlined in the 1988 Cecchini report, for instance). However, in question 4 it became clear that the

majority of companies did not feel that there was any significant link between increased trade and their own demand for mobility.

When asked whether 1992 had had any effect on the number of internationally mobile workers in their company, 26 respondents (67% of the sample) stated that it had had no effect on them and a further 9 (23%) replied that it had had little effect. Only 4 of the 39 companies which responded said that the 1992 initiatives have had some effect on the numbers of mobile staff in their company.

This was confirmed by some of the companies who stated in addition that they do now have more workers in European branches but that this would have happened regardless of the Single European Market because of the company's own internationalisation programmes. One respondent noted that

*"We continue to operate as we did prior to 1992. We have always had internationally mobile staff".*

This statement was reiterated by other respondents. This is not to say that all single market measures had gone unnoticed. In the area of the free movement of workers, some respondents noted that administrative and legal simplification had been welcome but that this had not played a direct role in opening up Europe to companies or in encouraging worker placements abroad. This point was very clearly made by most of the companies consulted in this survey and was confirmed during the interviews.

A similar company reaction was noted in the 1990 EIRR survey of company attitudes to 1992. In this study, in response to a question about the SEM and numbers of mobile employees, companies did not have any expectations that the SEM would significantly affect the numbers of mobile employees in the company.

#### v) Question 5: 1992's effects on personnel policy

This broad question asked for the respondent's perception of developments, and the various responses given are shown in tables 5 - 7 above.

Companies were evenly split over this question, with 19 companies apparently believing that their policies had been or will be affected by the SEM and 20 companies believing that they had not been affected. The various answers given by companies who did feel that they had been affected or who felt that they would change some aspect of their staff mobility due to the SEM initiatives are shown in tables 5 and 6.

These answers indicate that companies' policies were being affected in a number of ways by Single Market initiatives though some of these effects may be indirect rather than direct. Taken overall, the answers suggest that Europe is now considered by respondents to be more accessible in market terms than previously. These effects point more to a 'state of mind' phenomenon than to concrete changes and indicate a certain level of European consciousness - indirect changes in company structure are leading to more transparent staff mobility and recruitment policies across Europe, with simplified administrative procedures helping to ease international transfers of staff within the company. This was outlined by one company which answered the question relating to EU initiatives and mobility by stating *"cela les a facilités, d'autant que parallèlement le développement de notre Groupe se confirmait"* ('it made things easier, particularly as the Group's development was becoming established').

For those companies that stated that the SEM had had no effect on their personnel policies, this may reflect the fact that these companies already had mobility policies in place and that any EU level decisions have therefore made little or no difference to them. One company confirmed this,

*"Nos préoccupations de mobilité internationale preexistaient l'Europe sans frontières. Mais cela simplifie les procédures administratives"* ('Our preoccupation with international mobility existed prior to a border-free Europe. But it did simplify administrative procedures').

Similarly, another company confirmed that EU initiatives had had no effect on their mobility policies because

*"the group was already a global manufacturing business with international mobility prior to 1992"*.

Equally, it may indicate the opposite; that the company is not much interested in moving its workers across Europe and the effects have therefore also bypassed them. However, in consideration of the number of companies that gave a positive response to question 1, the first explanation would appear to be the most accurate. In other words, companies that are most likely to be affected by EU measures are those whose mobility policies are in the relatively early stages or whose policies are not entirely fully developed, whereas companies which have established policies on international employee mobility are less likely to be affected or not at all affected.

It is of course extremely difficult to isolate the company internal forces leading to increasing 'Europeanization' from external influences on this development such as the EU's simplification of procedures. One factor does not precede the other, but rather businesses' international development and the stimulation that may be provided in the form of the SEM are so closely intertwined that they cannot be disentangled from each other.

### **7.5 Concluding remarks**

It is clear that the multinational companies that consider international mobility to be an essential part of working life were already finding ways of transferring workers before the SEM came into being. Furthermore, the view expressed by the majority of companies was that if their company was now moving more workers internationally, this was due to their own corporate development strategy and not to any external initiatives (see Arbose, 1986). One company stated

*"Ce n'est pas l'Europe sans frontières qui a une influence sur notre politique mais notre politique de développement européen qui amènera une internationalisation de nos cadres et de notre management"* ('Europe without borders has no influence on our policy, rather, it is our own policy of European development which is leading to the internationalisation of our executives and our management staff').

Nevertheless, corporate development strategy in Europe may clearly be linked to SEM initiatives and one would be expected to have an influence on the other. The extent to which this link is recognised by companies, however is small. Indeed, companies noted

that although they were aware of European initiatives, in reality they were not affected by these, either because their company structure had evolved differently, because their various concerns in other countries were autonomous, or for a number of other reasons. The IDS/IPM (1988) study also found that 1992 was not a direct influence on companies' mobility policies, despite the single market emphasis on free movement of labour, but rather acted as a 'catalyst for change'. In particular, as seen below in the case studies, it had prompted some companies to review their mobility policies.

However, an increased need for mobile workers in one company raised the issue of whether employees would be willing to accept mobility

*"The need (for mobile workers) has increased but the factors influencing people's willingness to move are still the same".*

The obstacles to a fluid supply of mobility from employees are looked at further in the next section.

## **Part Two: Company profiles**

### **7.6 Introduction**

Interviews were carried out in the UK with ten major international companies, picked from those included in the postal survey. In addition, interviews were then conducted at the French headquarters of three companies already interviewed in the UK. In each case the Human Resource Manager or Officer with responsibility for international mobility of staff was interviewed (in some companies this was the International Mobility or Expatriation Manager or Officer).

An outline of the company profile and a brief discussion of the issues raised during interviews are given below, more detailed discussion and comparison is contained in chapter 8.

#### **i) Companies interviewed (*see Appendix 3*)**

The ten companies fall into the following categories:

Computing (A, B)	2
Engineering (C, D, E)	3
Manufacturing (F)	1
Chemicals (G, H, I)	3
Finance/services (J)	1

The three companies whose French head offices were also interviewed, following interviews in the UK, were taken one each from the categories computing, manufacturing and engineering.



## ii) Aims and questions

Seven broad discussion areas were raised with the managers interviewed. These were:

- What categories of worker are most likely to be internationally mobile - this covers job category and level in the hierarchical structure.
- What are the most common aims of overseas assignments and what is the average duration of assignments/secondments.
- The mobility procedure - package/compensation, the management of relocations, selection of candidates for mobility.
- The importance of mobility in the company - is the mobility of staff actively encouraged, if so in what ways, what is it used for, what numbers are involved etc.
- What are the difficulties encountered by the company when moving staff internationally - internal/external issues, what issues might be of increasing concern.
- Has the SEM had any effect on company mobility policy.
- Are there any specific suggestions for improving EU policy to make it easier for companies to move staff.

## iii) Definitions

The terms used by the managers interviewed to describe international mobility varied, though the term 'international assignment' was mostly used. In this chapter, the term 'international assignment' is used to designate the temporary posting of a worker to an international location for a medium term period of between 1 year and 5 years at the maximum. Some companies spoke of these assignments as 'secondments', 'transfers' and even 'expatriation'.

The shorter term postings (of less than one year) were variously called 'attachments', 'projects' and 'business trips'. In order to simplify, the term 'business trip' is used here to describe any posting of short duration (from days up to one year).

## **7.7 Company A profile**

Company A was formed in 1980 and specialises in the research, design and manufacture of data communications equipment. A French owned company with 14 sites worldwide, it employed a total of 350 people at the time of the interview. The majority of these were based in France at Head Office: the UK branch was the second largest. Approximately 50% of the total workforce were engineers.

Groups of specialised staff were concentrated in specific locations (i.e. most of the technical specialists were based in France; marketing and finance were based in the UK). These concentrations of staff meant that the company was required to provide for the regular circulation of personnel.

Interviews were carried out with the UK finance manager (responsible for mobility in the UK) and with the French personnel manager.

### **i) Who is mobile**

There were two types of mobility in the company, staff who undertook short periods in a host office on a 'business trip' basis and workers who were transferred to a host company on an 'international assignment'.

To generalise, mobile workers in this company tended to fall into two groups: managers, finance and marketing staff were most likely to work abroad on a business trip of anything from one day up to a matter of weeks. International transfers were more likely to concern engineers and technical specialists. Given that this is a company specialising in data communications, it was unsurprising that the majority of mobile workers were technical specialists.

The number of workers transferred each year on international assignments were very small, around 1 or 2 workers. International transfers were usually planned for a minimum duration of at least one year (at the time of interview a French engineer was carrying out a

two year assignment in the UK branch). Company A considered it to be too expensive to transfer someone for less time, especially, according to the UK interviewee, as the first 6 months of the period abroad are spent settling in and getting used to working in the new environment and culture.

As the engineers and other technical workers were based in France, almost all secondments had to date been from France to Britain. For instance, when a contract concluded in Britain required technical workers, French engineers might be brought over to the UK for the duration of the contract.

## ii) Mobility policy

Company A did not have an official mobility policy nor was there a dedicated member of staff for international mobility. The personnel manager located at Head Office in France dealt with all international mobility and it was the host office's responsibility to liaise with Head Office over transfers.

For short visits abroad, such as those made by the UK managers and marketing staff to the French Head Office, travel and hotel expenses would be paid. For workers undertaking an international assignment salary would be negotiated at Head Office and tended to be slightly higher than at the worker's home job though there were no set increments. This figure was then converted into the local currency and paid by the host company during the assignment.

Non-financial assistance included providing rented accommodation for the duration of the visit and help with language tuition where necessary for the worker and his family. Company A encouraged workers to take their spouse and family with them on secondments as it believed that workers were much happier and settled if accompanied by family. Other benefits depended on the particular circumstances. For instance, French engineers who were posted to the UK would be given a company car in line with workers of an equivalent level in Britain; British workers posted to France would not get this benefit as it is customary in France that only senior managers are given a company car.

### iii) The issues raised by mobility in Company A

#### ***British-French tensions***

Due to the geographical specialisation of workers and the small size of the company, the practice in this company was for assignments to be 'requested' by the host company. These tended to take the form of British requests made to France when a technical specialist was required for a particular job. The UK branch would then decide if it could afford the 'price' which was the salary that had been negotiated in France. 'Importing' a worker may be more or less expensive for the UK branch depending on fluctuations in the exchange rate. The system was creating some tension in the British branch however: for the British, the difficulty did not lie in finding a French engineer who was willing to undertake such an assignment, but in persuading the French office to allow the engineer to go on the assignment. The French were reluctant to allow their engineers to go abroad as the speed of development in computing meant that the engineer risked falling behind with new developments during his time away.

#### ***Working spouses***

The issue of working spouses was raised when a French engineer refused an assignment in the UK because his wife did not want to interrupt her own successful career (especially as she was the higher wage earner of the couple). For those working spouses who do give up their work to accompany their husband (in every case so far the mobile worker has been male), there was no official policy of helping the spouse to obtain work in the host country. However, the UK manager tried to help the worker's spouse to find work, where possible, on an unofficial and informal basis.

#### ***Language***

The French interviewee did not feel that language problems were very great as computing is dominated by English and most of the company's engineers spoke some English. All those who were mobile between France and the UK were expected to already have language skills although additional language training could be provided where necessary (although it would appear that finding enough time for it to be effective was a greater problem).

However, the British interviewee was less positive about workers' language skills, stating that the lack of adequate language skills was still a major problem.

#### iv) Concluding remarks

At company level, both the British and French managers interviewed stated that they would like to see more international mobility of workers, particularly between the two main offices in France and the UK. The British manager felt that distinct cultural differences still existed between French and British working methods, despite opinions expressed to the contrary (Financial Times, 26/7/96) and that these differences could best be understood and overcome by more mobility between branches. The British manager also felt that in joint discussions the French often appeared unwilling to accept suggestions from the British and were generally less open to innovations in working methods.

The French manager shared the view that more mobility would help to foster better working relations and promote understanding. However, there were a number of obstacles to increased mobility that needed to be overcome of mainly, but not uniquely, a financial nature.

The lack of a formal mobility policy in itself was not an obstacle to mobility in this company (numbers of workers undertaking international assignment in this company were small), however it may have contributed to inconsistencies in the way transferring workers were treated. For instance, some workers' spouses may have received help (albeit on an informal basis) in locating work in the host country, others may not have received this help. Furthermore, the lack of adequate language and culture tuition to prepare the worker for the assignment may be a significant reason why culture differences appeared to be quite strongly felt in this company.

### **7.8 Company B profile**

Company B is an international IT group of French origin specialising in the manufacture and sale of data processing and related peripheral equipment and the provision of

maintenance, software and personnel services. The company is divided into 7 European products and services divisions in charge of businesses in more than 85 countries worldwide and at the time of interview, employed a total of 21 000 staff. The company was ranked as the third largest systems integrator and fifth largest in maintenance and support services in Europe.

The interview was carried out with the Expatriation and International Assignments Officer, who deals with all assignments of UK staff posted outward from the UK but not with incoming workers to the UK which were in any case infrequent. Movements in this direction are dealt with by the sending company (usually France).

i) Who is mobile

Mobile workers tended to fall into several categories in company B: high flyers - often senior managers, who undertake international assignments in order to benefit from added international experience; senior management - with extensive experience who may be asked to take over the direction of foreign subsidiaries; and technical specialists. Mobility was most likely to affect technical and specialist workers which included marketing staff. These staff regularly worked with colleagues by phone and were often required to go to France when closer contact was needed and for skill sharing.

In addition to the worker categories listed above, mobility was used in company B as a way of plugging gaps when a worker resigned and no suitable person was available locally to fill the vacant position. This was also the case when a division was restructured.

International mobility took the form of assignments, business trips or permanent transfers. International assignments generally lasted for two to three years. Permanent movements of staff occurred on a regular basis in company B, but these did not fall within the remit of the Expatriation department.

In the 1994-5 tax year, 5 workers were posted out of the UK and 10 workers returned to the UK from international assignments.

ii) Mobility policy

The company had a formal mobility policy, though it had not been updated since October 1993. Workers and their families undertaking international assignments were provided with language tuition and where possible the Assignments Officer would spend a day with transferring workers to discuss the move. This involved discussions relating to social security, tax, wages, shipments of personal belongings, medical provision etc. Workers were also given the employment services' booklet on living and working conditions in their destination country ('Working in France', 'Working in Germany', [Overseas Placing Unit, n.d.]) and were informed about the administration they would have to deal with and the documents they would need to present in the foreign country. An individual worker would not have to deal with formalities such as obtaining a 'carte de séjour' as this would be done for him by the host company. The policy also made allowances for postings to 'unfriendly' or culturally different countries which would involve the provision of cultural awareness training.

iii) The issues raised by mobility in Company B

***Language***

Language problems did not present a problem as the company's international language was English and assignments abroad were usually to 'business centres' where English was spoken.

***Workers' return to the UK***

One of the company's main difficulties in relation to international mobility concerned the return of workers. As company B is a computer company the speed of progress and change can be very fast. This meant that jobs change rapidly and it was often not possible for a worker to simply return to his old position on his return to the UK. The company therefore aimed to put returning workers in a 'similar job' to the one they had

left and to ensure that workers received the same 'package' as before i.e. the same salary, grade etc. As a result of their international experience some workers may be able to secure a better job in the company on their return, but this was by no means guaranteed.

Workers often requested to remain permanently in the host location (generally France). The interviewee stated that British workers perceived this as a good move as lifestyles were generally thought to be better in France than in the UK.

### ***Pensions***

One of the major difficulties stemmed from differences in pension arrangements and social security regimes. Workers were kept where possible in the UK company scheme. The interviewee noted that a worker could pay into a French pension scheme (mandatory level) and have the fund transferred to his British pension when he retired, but she did not know of anyone who had done this. Ideally, the company would like to see the alignment of member states' supplementary pensions, perhaps in the form of a European wide pension scheme, where workers could contribute and receive payments in any member state.

Problems were also occasionally encountered when workers carrying out an assignment were offered permanent jobs by the host company. The interviewee felt that workers in this situation did not always take every aspect of a move into consideration when deciding to accept an offer forgetting, for instance, that pay scales were higher in France than in Britain, but the cost of living was also higher; tax levels were much lower but social security contributions were much higher and so on.

### **iv) Concluding remarks**

It is interesting to note that workers in this company often remained permanently in the place of posting. This had the unintentional side effect that the company was helping workers to become more mobile as those who stayed in their 'host' country were in effect using the company to meet their own wish to work abroad.



The size of the company meant that it employed dedicated members of staff for international mobility, though in the UK this post was on a part-time basis only. The interviewee did not feel that the SEM had had any real effect on the company.

## **7.9 Company C profile**

Company C is a major Franco-British joint venture formed in 1989 with divisions operating in power plants, power transmission and distribution, nuclear power reactors, transportation and electrical engineering. There are 5 divisions of the company in Britain, each one having a mobility manager, with another mobility manager at the Head Office in Paris. At the time of interview, the joint venture had over 90,000 employees worldwide.

The company was proactive in promoting the mobility of its workforce, and in developing an 'international workforce'. Each division determined its own need for worker mobility and co-ordinated transfers, though the group policy was set out at Head Office. Both the UK and French Personnel Managers were interviewed.

### **i) Who is mobile**

In the UK, the mobile workforce potentially included all levels of jobs and the more senior jobs were advertised internally throughout the UK and in branches abroad. The categories of worker who were most likely to be affected by international mobility were: graduates - usually sent on postings of at least 3 months to France as part of their initial training and working experience; technical/specialised workers - to make use of their expertise in another branch (particularly true for those with sophisticated technical knowledge as was the case with many workers in this company); and managers - as part of career development.

On average about 100 people per year were affected by mobility in the UK branches of company C. The number of British workers who undertook assignments (i.e. excluding business trips) in 1992 were 46 (the interviewee's estimation) and by 1993, this number had risen to 209. These were undertaken mainly in Europe and France. No figures were

available for French workers for these years but by 1996 there were 45 British people on assignment in France and 15 French workers on assignment in the UK. Assignments were generally planned to last between 2 - 4 years but business trips of anything from a day up to months were also widely used.

## ii) Mobility policy

The company had a formal mobility policy which included "*full relocation support*" though the exact details of the policy were confidential. It included a wage adjustment, language and cultural training where necessary, help with housing etc. A mentor was also allocated to the worker both before departure and in the host company.

At the time of interview, the UK partner company was working on a 'mobility charter' for employees (the French already had a mobility charter).

## iii) The issues raised by mobility in Company C

### ***Differences in approach***

In working towards greater internationalisation and mobility, a rather different emphasis was put on international mobility by the UK and French Head Offices. In the UK, employees were encouraged to be aware of the international nature of the company and the importance of an international workforce. The UK company believed that international mobility is of benefit to both the company and the employee and strived to underline the role of mobility in the company by stressing to all employees from the graduate level upwards that they may be transferred abroad at any time.

In France, the view was a little more restrained. The French interviewee stated that workers were now very carefully selected for international transfer and that only those with exceptional potential would be considered for international assignment. In France, only 'the best' would get international experience and as a result of this combined potential and international experience, these high flyers would generally be promoted to a better position on their return to France.

These differences can be summarised by stating that in the UK the objective was the mobility of staff (i.e. getting some one there to do the job). In France greater emphasis was placed on the development of personnel through international exposure; mobility was thus considered as a tool rather than an end in itself.

### ***Language***

In France all workers recruited at management level were required to speak English and very few problems were encountered with regard to assignments. In the UK however, the lack of language skills was one of the main problems which the company was trying to overcome by introducing language tuition and cultural awareness classes.

### ***Returning workers***

Again differences in approach were apparent between the French and British partners. In the UK, although the worker was assured that there would be a job for him on his return from an international assignment, it could not be guaranteed that it would be the same job as prior to the worker's assignment or even with the worker's original branch. The returning worker might therefore have to move to a different UK location.

Returning workers were not problematic for the French as the worker would have been specifically selected for international assignment as part of his career path.

### ***The vacancy database***

In order to promote worker mobility in the group, a computer database had been set up in some branches (and was set to expand to other branches). The database contained job titles and a short description of job vacancies in all locations which a worker may consult. He could then apply for a position by forwarding his details via his manager to the recruiting branch and the application would be treated by them. In this type of transfer the employee may not receive the full relocation package, but efforts would be taken to ensure that the employee did not lose out.

#### iv) Concluding remarks

The partners in this multinational group were committed to developing an international workforce through a combination of advanced policies. However, it should be pointed out that although both the British and French divisions' overall aim was to develop an international workforce, the UK appeared to be applying the principles to a wider cross section of employees and were more enthusiastic in their use of mobility.

The company did not consider that the creation of the Single European Market had affected it in any significant way apart from simplifying the administrative procedures in moving workers about in Europe. However, these difficulties "*could always be overcome anyway*".

#### **7.10 Company D profile**

Company D is a Franco-British joint venture formed in 1992 specialising in the manufacture and design of high technology systems in the military field (missiles, missile guidance and satellite systems) and is based in Britain and France. Company D employed a total of 4 300 employees at the time of interview.

As a joint venture the company was particularly keen to encourage integration between the UK and France. The interview was carried out with the UK Personnel Officer.

#### i) Who is mobile

Due to the specialist nature of the business a large proportion of the workforce was made up of engineers. Mobile workers generally included engineers, buyers, contract staff and personnel staff.

All mobility in the company in terms of assignments took place between Britain and France (though workers also undertook projects worldwide working with other companies etc.) In 1994, 27 French employees were working on British sites and 5 British people were

working in France, in 1997 there were 16 French workers in Britain and 11 British workers in France.

International assignments were usually planned to last for 1-2 years. This ensured that the worker did not lose his right to British social security protection and pension rights. If the worker was needed in the host company after this 2 year period the company renewed the worker's contract on a yearly basis.

## ii) Mobility policy

The company had a global mobility policy within which each worker's particular package was defined to accommodate his personal circumstances. The details of the mobility policy were confidential but the interviewee stated that "*where possible we try to accommodate the worker*". The policy aimed principally to ensure that the worker did not lose out by accepting an international assignment. For example, the policy did not cover the cost of accommodation in the host country but would contribute if this cost more than at home to maintain the same standard of living. The policy did not provide for the spouse and family to accompany the worker for assignments of less than a year, but in this case the company provided extra return trips home.

Workers undertaking international assignments were maintained as a home company employee but workers sometimes remained permanently in the host country at the end of the assignment. In this case, workers transferred to the host company, becoming employed on local terms. The company employed a tax consultancy firm to manage the tax liability aspect of mobility and this company also provided information and advice to workers about relocation.

## iii) Concluding remarks

Most of the demand for worker mobility in Company D was the response to company needs. The company had a relatively high level of employee mobility between Britain and

France as a result of its desire for closer integration between the British and French partners and in relation to the technical and specialised nature of its work.

### **7.11 Company E profile**

The principal activity of company E is the provision of advanced technology systems, products and services to the world's automotive and aerospace markets. It is a major multinational company with sites in over 20 countries. In Europe the company has sites in France, Germany, Spain, Italy and Portugal. The company is divided into 5 divisions and at the time of interview had approximately 55,000 employees worldwide, over half of whom were employed in the UK. The interview took place with the UK Expatriation Officer.

#### **i) Who is mobile**

About half of all international mobility concerned managers (mainly in the Finance and Production/Development sectors); the other half was made up of engineering staff and product development and scientific specialists. Managers were mostly transferred out to new sites to help set up and run a new subsidiary and to recruit new staff. They often then remained in the host country transferring permanently to the local company. Other staff were mainly required to work with employees in other countries to transfer knowledge. Graduate mobility programmes were operated by some divisions which consisted of the 'attachment' of the graduate to a host company for up to a year.

At the time of interview, there were about 100 British workers on international assignments and 15 'attachments' (transfers lasting from 3-4 months up to one year), over half of these were in the United States. Incoming secondments were less common and at the time of interview there were 2 French employees, 1 German and 1 American in Britain.

## ii) Mobility policy

Following a recent review of the mobility policy in company E, a global mobility policy operated for the whole group, though the division sending or receiving the transfer was responsible for co-ordinating the transfer at individual worker level and for determining which benefits provided for in the policy should be conferred on the worker. The individual package was influenced by variables such as the budget available, number of people being transferred and seniority of the transferring worker.

The details of the mobility policy were confidential but the interviewee stated that it was a comprehensive policy allowing for household removals, accommodation in the host country, a mobility allowance of 10% of home salary, an electrical allowance (to allow for the replacement of electrical household goods where the host country's voltage differed from the home country), tax counselling, paying for children's schooling, language tuition and a disturbance allowance. Additionally, for very senior employees it may also include a company car and additional private health insurance.

Although the policy allowed for tax counselling, this option was often not offered to relocating workers as tax counselling relied on outside consultants and was therefore expensive to provide. If tax counselling was not offered, the expatriation department in Head Office stepped in to provide as much help and advice to the employee as possible.

The company did not interfere with the worker's decision to take his family with him on an assignment and the interviewee stated that employees were usually accompanied by their family. Equally the company did not get involved with the worker's disposal of his permanent home during the period of the assignment. No trade off was made between accommodation provided in the host country and possible income from rent in the home country as it would be too difficult to administer equitably, particularly as some families remained in the UK during the worker's assignment.

iii) The issues raised by mobility in company E

***Transfers becoming permanent***

It was not unusual for workers undertaking transfers to remain in the host country when the term of the assignment was finished. This was particularly likely for workers posted to the US (about 50% of total transfers) where workers were often keen to remain. However, the tendency for workers to remain permanently at the end of their contract varied according to job. Highly specialised technical and scientific staff were generally more likely to stay on (if they wished to) as they were generally in greater demand, particularly where local specialists were scarce. Other less specialised employees were generally less likely to remain permanently. An employee may also make a request to remain in the host country.

***Social security***

Company E felt that differing levels of contributions and cover between countries pose some difficulty for assignments and were still a lengthy process to organise. It was felt that the UK contributions agency works well but that other countries were slower to deal with these issues than they should be. With regard to supplementary pensions, the company would prefer a greater level of European harmonisation.

***Tax***

Company E stated that different tax regimes made it complex and costly to send workers abroad. Ideally, the company would like to see these harmonised across Europe.

iv) Concluding remarks

International mobility of workers was essential in company E and workers were transferred in response to business needs. It was particularly important for operations such as the forming of joint ventures in other countries, setting up new businesses or operations etc. Specialists were also transferred abroad for knowledge transfer and for new ventures. Mobility was not used to any great extent as a personal development tool for the development of individual high flyers.



## **7.12 Company F profile**

Company F is a French owned company whose principal activities are the manufacture of automobiles and mechanical engineering and services. The group also manufactures bicycles, motorcycles and electric vehicles. The company ranks as the third European constructor of automobiles and has five principal centres of production in Europe. It is implanted worldwide and at the time of interview had 67 400 employees (it also forms part of a larger group which at the time of interview had a combined total of 139 100 employees).

Traditionally Company F had few operations in other countries, however since the 1980s, the company's main objective had been to become more international. As a result, employee mobility has been of growing importance. It was being used to promote integration and strengthen links between British and French companies and to harmonise procedures in order to develop further in Europe.

In the UK, the Manager of the Compensation and Research department was interviewed. This department is based in the UK Head Office and its role is to oversee the smooth running and homogeneity of personnel practice in each UK division, to deal with international postings and co-ordinate policy with the French office. A further interview was also carried out with the Human Resources Manager in France.

### **i) Who is mobile**

Originally all products were designed and produced in France before being shipped over to the UK for production. This used to create numerous problems which had now been overcome by French and British engineers working together in teams at the development stage. This co-operation meant that the majority of mobile workers in the company were senior engineers and specialists. Mobility also affected company directors and managers, and computer experts (to ensure the co-ordination of operational systems).

At the time of interview there were two French directors in the UK at Head Office and 8 French engineers on secondment to the UK. By 1 January 1996 a total of 16 British engineers were to be posted to France from the UK company. The company had a reciprocal arrangement between Britain and France to 'exchange' workers where possible and the policy of integration was leading generally to an increase in worker international mobility.

Most assignments were planned to have a minimum duration of 2 years, (though occasionally lasted between 1 year and 18 months). The company also used short term transfers (usually computer specialists who may be transferred for a matter of months) and business trips.

ii) Mobility policy

The company had a comprehensive mobility policy (again confidential) covering accommodation, language tuition, schooling for children, a 15% increase of salary as a mobility bonus and a lump sum to help cover additional costs of setting up home in the foreign country. The worker's social security and pension arrangements were continued in the home country to avoid any loss of rights or pension entitlements. The company owned accommodation in the UK and France for the use of relocated workers (houses in the UK, flats in France).

At the time of interview, the mobility policy was still being refined as it was a relatively recent development and situations were still occurring that had not been accounted for when the policy was first developed. The French Manager stated that solutions were still having to be found to deal with new problems that were encountered when a worker was transferred.

### iii) The issues raised by mobility in Company F

#### ***Worker development***

Up until a recent time, mobility in the company had been used to respond solely to company needs. This was now changing as policy was being altered to include the personal development of workers through international assignments. More care was being taken to select workers for assignment who showed potential and who it was believed would actively benefit from international experience.

#### ***Dual income couples***

Increasing numbers of seconded workers had working spouses/partners. The UK interviewee believed that this was starting to be a problem and would certainly be an area of future concern for company F, particularly as it was often very difficult for 'trailing spouses' to obtain work in the host country. The UK company was concerned that the problem was going to manifest itself in workers' refusal to be posted abroad and that in the future, "*the problem is likely to be encouraging people to go, particularly families*". The fear was that this could make it even more costly to send workers on international assignments as incentives may have to rise to encourage workers to accept assignments.

In France, this issue did not yet appear to be of concern. According to the French interviewee, accompanying spouses (almost always women) used the career break to have children and he was not aware of any complaints from accompanying spouses about the disruption of their partner's assignment on their own working life.

#### ***Supplementary pension schemes***

The French Manager stated that differences in rules across Europe on supplementary pension schemes was of particular concern to the company with regard to transferring workers internationally. Mandatory schemes no longer presented problems but whereas in France it was obligatory to have a supplementary pension, in the UK participation in a supplementary pension scheme was a voluntary matter. This created the concern that British workers transferred to France might lose out on pensions.

#### iv) Concluding remarks

Regular meetings were held between the French and British to discuss new and existing procedures and to agree new policy. At the time of interview, discussions were focusing on how to achieve closer harmonisation and integration throughout the group, though these discussions were the source of some tension and frustration to the UK department as it did not feel that its input into joint discussions was being heeded by the French. The British interviewee stated that their suggestions were either not implemented or were radically changed before being implemented due to the more cumbersome bureaucracy in France.

Despite this tension, closer integration between French and British workforces was being achieved, at least on a social level, by inter-company football competitions where winning teams on each side went over to play their British or French counterparts. As the UK Manager pointed out, *“it is very difficult to harmonise at policy level, but at worker level there is much more interaction”*.

### 7.13 Company G profile

This group is principally engaged in international chemical materials in 3 business areas, coatings and sealants, polymer products, fibre and chemicals. The company is represented in 39 countries and at the time of interview had 17 000 employees worldwide. The company had recently formulated a formal global mobility policy and now all assignments in the company were administered from the UK branch, whether the UK was directly concerned or for moves between third countries. The interview took place with one of the Human Resources Officers responsible for co-ordinating international mobility.

#### i) Who is mobile

Each division in the group determined its own need for mobility. However the categories of mobile worker tended to be engineers, accountants, managers and internal audit workers. Managers and accountants were often required to be mobile when new companies were acquired in order to set up operations. This guaranteed the operation of

standard procedures throughout the group.

Workers undertook assignments according to company needs and new projects, and numbers of assignments had been fairly stable over the past few years. At the time of the interview there were in total 200 internationally mobile workers across the group carrying out assignments in 41 countries. Between 60 to 70 of these workers were on assignment in America with other workers undertaking assignments around the world; 5 in Italy, 7 in Germany, 2 in Poland (a new operation), 1 in Korea and 2 in France. The majority of workers carrying out assignments were male.

The length of assignments varied; though some worker mobility was short-term (i.e. up to one year), the majority of international assignments lasted between 3 to 5 years and generally started at one year.

#### ii) Mobility policy

The existence of a formal mobility policy was a relatively recent development in company G despite the size of the company, having only been properly drafted over the previous few years. Before that each division in the group had moved its workers on its own terms with the result that employees posted to the same location by different divisions often received different financial packages. The development of one global policy for all mobile workers in the group ensured that all workers received benefits within the same framework.

A worker being transferred abroad for a year or more was entitled to the benefits contained in the mobility policy and was given a separate contract of employment covering the period abroad and the salary during that time. This guaranteed employment protection for the worker while in the host company. Equally, the home company guaranteed that the worker would have a job on his return, though this may not be exactly the same job as before. Company G stressed that it took care to ensure that workers understood beforehand what their international assignment involved through discussion with their manager.

The policy provided the mobile worker with allowances on his outward and return journeys to cover the costs involved in the move. It also provided accommodation, language tuition and schooling where necessary and made other arrangements for the worker depending on his personal circumstances and on the country he was being posted to. Workers transferring for less than twelve months did not benefit from the mobility package but were instead paid a daily allowance and accommodation was provided in the host country.

### iii) Issues raised by mobility in Company G

In order to avoid loss of rights, Company G continued to make social security and pension payments during a worker's assignment deducting them from the salary which was being paid to him by his host company. The difficulty in relation to this process was the occasional reluctance on the part of non-EU host countries to exempt the worker from social security and other contributions normally payable by workers in that country. However, the interviewee added that these "*difficulties are always overcome*" even if a country's bureaucracy made this a very long process.

### iv) Concluding remarks

As the mobility policy was at the time of interview still in the process of being finalised, the interviewee stated that there were still some grey areas. Notwithstanding, mobility in this company was used to guarantee the group's homogeneity of working practices and to ensure that technical advances and expertise were transferred to all companies.

The interviewee felt that the company's need for mobility had not been directly affected by the ending of barriers in the EU but that indirectly European initiatives had led to added opportunities for the company in Europe.

### 7.14 Company H profile

The principal activities of company H are the research, development, manufacture and marketing of ethical pharmaceuticals. It is divided into three divisions; research and development, production, services and marketing. It has operations worldwide with major sites in the UK and the United States and at the time of interview had 52 500 employees. The interview took place with the International Assignments Manager in the UK.

This company was the result of a merger of two major pharmaceutical companies. As the merger had only recently been completed at the time of the interview the company was still in the process of reviewing and harmonising practices.

#### i) Who is mobile

The company was most likely to require mobility from specialist employees in the scientific, medical and marketing categories as well as senior level managers. Furthermore, mobile employees were likely to be *“qualified and well established in the company”*.

Company H required workers to be mobile in order to exchange technical information and most short term transfers were used to this end. Longer term assignments (up to three years) may be used to fill specific jobs and occasionally for career development purposes. Senior managers were mainly mobile for the purposes of overseeing the setting up of new operations. In the Research and Development sector, more junior employees may also be sent abroad for a short time (usually 6 months and usually to the US) in order to gain experience of the multinational environment.

Mobility for career development was not yet systematic in the company though this was an area that the company wished to develop. At the time of interview, the company operated a management development programme but eventually hoped to establish a system through which to operate career development programmes for other staff (though

the interviewee feared that there might be some resistance from staff in the setting up of such a programme).

In total the interviewee stated that there were approximately 250 workers across the group on international assignments worldwide at any time. Those on business trips were not included in this number. Assignments were generally planned to last between 1 and 3 years. A large proportion of them were British employees going to the US, with some assignments in Europe. The majority of assignments were outwards from the UK.

## ii) Mobility policy

The company had recently established a global policy for the entire group which had been developed to avoid the possibility (mentioned above) of workers receiving different benefits in respect of international assignments. The policy included return flights, mobility and disturbance premiums, language tuition for all the family, school fees etc. Accommodation was provided for the worker and his family but a recent change in the policy required that employees pay for their consumption of utilities (gas, water, electricity etc.).

The package was determined by host country, level of seniority and personal circumstances and was designed to fit in with the host company's usual practice. For example where equivalent workers in the host country did not have a company car, the worker transferring to this country who was obliged to give up his company car, would be offered an interest free loan in order to buy a car during the assignment. The principle applied was that relocated workers should fit in as far as possible with their host company colleagues while not losing out on any benefit they would usually receive in their home company.

Business trips were "*much used*" in company H, though attempts were being made to reduce the number of such trips as they were extremely costly. In these cases, the company paid for the employee to stay in a hotel (this may be up to two or three months) with all the employee's expenses paid.



### iii) The issues raised by mobility in Company H

#### ***Dual career couples***

The issue of dual career couples was becoming “*a big issue*” for this company as 90% of mobile workers were men and accompanying partners were still mainly women. Although there was no clause allowing for compensation for the loss of a spouse’s earnings where he/she had been obliged to give up work, assistance was provided to help the spouse find work in the host country where possible in the form of job counselling, assistance with drawing up CVs etc. If there was no possibility for the spouse to obtain work (e.g. due to visa or other restrictions) then an education allowance was provided so that the spouse could follow a training or other course during the transfer.

#### ***Worker screening***

The issue of worker screening for international assignment was starting to be taken very seriously in company H. It considered that criteria other than simply being able to do the job should be taken into account when choosing a worker to undertake an assignment. An example given by the interviewee was that of a worker who had recently enthusiastically accepted an international assignment, without giving full consideration to the problem of leaving elderly relatives behind in the UK. This, along with a host of other genuine problems, meant that he was in constant contact with the home company assignment manager during the assignment who spent much time trying to help resolve the problems at long distance. Had the company had a better awareness of this candidate’s personal situation before the start of the assignment, this candidate would probably not have been selected to undertake the project.

In order to avoid this situation, the US branch of the company had begun to introduce screening programmes for the selection of mobile workers. This involved inviting the worker and all his family to a centre where the move could be discussed in detail. During this process the worker was warned of what the move would entail and the consequences for the family, while company H could assess whether this worker was a suitable candidate. All issues relating to the effect of a move on the spouse, other relatives and children were considered in depth to ensure that the transfer would be a success. The

interviewee stated that she would like to see a similar assessment process introduced in the UK, but was sure that this was still some way off.

### ***Employee expectations***

Company H felt that an implicit problem in the international assignment process was that workers tended to assume that being asked to be mobile would lead to promotion. However, as the company's current use of mobility was almost entirely the response to company needs (i.e. for the exchange of information etc.), most workers returned to their previous job level at the end of the assignment. This misunderstanding by the worker of the aims of the assignment had in the past led to a number of problems relating particularly to worker resentment and feelings of being undervalued by the company.

The interviewee felt that the answer lay in planning realistically and preparing the worker for the assignment, including 'damping down' expectations so that the worker fully understood the real aims of the assignment. Company H now stressed to the worker the importance of keeping in contact and of remaining aware of changes in the home company during the period of the assignment.

The interviewee stated that it would be beneficial for the company to have a mentoring system in place though no work had yet been done to implement this.

### ***Tax***

Different tax regimes caused the company difficulty and expense. For the individual worker this was not generally a problem as he would be given help to assess his tax situation both before the transfer and after returning to the UK. However, for the company it was a major issue as any extra taxes that the worker may have to pay were assumed by the company. As tax regimes and levels vary widely worldwide, the interviewee stated that this could be very costly for the company, particularly as those transferred were often on high incomes.

### ***Banking systems***

Previously workers were paid in the UK and had money transferred across to the host country, though this had now given way to payment in local currency. However, workers occasionally needed to have money transferred (for instance, to keep up regular payments in the home country during the assignment period). The interviewee stated that from the worker's point of view this process was still both expensive and slow.

#### **iv) Concluding remarks**

Company H was aware of many potential pitfalls in international relocation of workers, not least the cost (particularly of business trips) and used less costly alternatives such as video conferencing where possible. Despite this, the company was hoping to use mobility further as a personnel development tool.

Several aspects of international mobility had been identified for further investigation, such as the impact of cultural differences and providing cultural training, setting up a system of mentors for those posted overseas and setting up a screening process to identify the best candidates for mobility along the lines of the American model. The interviewee also mentioned the problem of the return home, particularly for families who may have become accustomed to their new life in the host country.

In relation to the EU, company H believed that improvements in the easing of regulations to moving workers in Europe were very slow but that a single European currency would be beneficial. The company also wanted to see greater harmonisation of qualifications and a better understanding of the equivalence of European qualifications and diplomas as it recruits specialists, scientists and graduates in Europe.

### **7.15 Company I profile**

This is a French company made up of four divisions. One of the divisions is based in the US and is therefore not included in the following discussion. The group's principal activities are focused around three complementary chemicals fields and the group operates

in four sectors; chemicals, fibres, agro (seeds, herbicides) and health. The company operated a global mobility policy for the whole group, though this was subject to differences in interpretation between the divisions. At the time of interview company I employed a total of 75 250 people. The interview was carried out with the UK Personnel Manager.

i) Who is mobile

The demand for mobility in company I tended to fall into the following categories: high potential candidates for career development, country managers; and experts (technical workers, engineers, product managers and specialists of all types). The experts were the most mobile group and tended to become mobile through international assignments, the other two groups did not fall into this category as, although mobile, they tended to be transferred permanently to a host company.

Career development programmes operated for high potential recruits who were normally transferred to Head Office in France. After an initial period they would be transferred to other countries from France as part of this career development. From September 1995, the company intended to begin a programme of graduate employment, graduates would be required to speak French and international mobility was likely to be a feature of their career.

Country managers were posted abroad to manage companies often in ex-Commonwealth countries. These were 'old style' expatriates who were transferred to the company in the host country. These workers may be moved from one third country to another, but once posted abroad these workers would "*virtually never*" be transferred back to their home country as the interviewee stated that they generally found it difficult to readapt to the home country way of life.

In terms of international assignments as far as the UK branch was concerned, in 1992, 28 British employees went to France and 10 French employees came to the UK; in 1994 there were 29 British employees in France and 14 French employees in the UK. In 1996 a group total of 450 employees (management level) were carrying out assignments and company I

expected this figure to rise in the future. Specialists carrying out assignments were generally posted abroad for between 3 and 4 years.

## ii) Mobility policy

At the time of interview, the company was working on a revision of the mobility policy and was circulating it throughout the group. This proposed changes to the otherwise comprehensive policy in the area of housing (no longer to be provided entirely free of charge to the transferee), the mobility payment (proportions payable to be changed so that the bulk would be received upon completion of the time abroad rather than at the beginning of the posting) and to include financial aid for spouses (to pay for training to obtain employment, help with visas and other practical uses).

The interviewee stated that the company had recently made a number of financial cutbacks to the mobility policy. These included reducing the annual mobility premium of 10% of net salary during the time of the assignment to a one-off 15% of salary for the whole of the project. A financial incentive of 35% of net salary was still offered to workers posted to 'unfriendly' countries but again this had been reduced from over 60%. The interviewee felt that many of the cutbacks had been justified but that no further cutbacks should be contemplated, particularly as this would make company I's package less attractive than other similar sized companies' packages.

## iii) The issues raised by mobility in Company I

### ***Workers requests to work abroad***

As in most of the other companies, a worker who requested to work abroad could be put into contact with the appropriate foreign branch. If the worker was considered to have high potential he would be recommended to a French branch, otherwise he would be put into contact with an appropriate branch and if successful, transfer to that company as a local. In this case, the worker would be given some help and guidance with relocation but would not benefit from the company's full international mobility package.

### ***Returning workers***

One of the main difficulties in relation to international mobility of workers in company I was the question of accommodating returning workers. Recent cutbacks in worker numbers and the transfer of many jobs to France meant that it was increasingly difficult for the UK branch to find jobs for returning workers. Previous promises of job security on return were now *“more carefully worded”*.

### ***French social plan***

Also mentioned by company D, the French Social Plan stated that if a foreign company wished to transfer workers to France, it was first required to make a case that no French worker with the equivalent skills could be found. This put some obstacles in the way of permanent transfers to France though both the companies concerned (I and D) were able to overcome the obstacles.

### **iv) Concluding remarks**

This is a highly specialised company which attaches importance to mobility. International mobility in this company mainly affected managers and experts. However, this mobility also caused some problems and the interviewee stated that in comparison to other multinationals, company I might be seen as offering the least in the way of mobility incentives to join the company.

The Single European Market had not had any effect on worker mobility, though the issue had prompted company I to look more closely at its mobility policy within Europe and had raised the concept of the ‘Euromanager’.

## **7.16 Company J profile**

Company J is a British based company involved in traditional insurance and reinsurance activities. It forms part of a French owned group made up of over 50 companies worldwide. All sectors within the group are autonomous and are responsible for independently developing policies, though at the time of interview this was starting to

change slightly with the development at the French Head Office of a group image and training and development programmes. At the time of interview, Company J had 350 employees (the group as a whole had some 130 000 employees worldwide). The UK Personnel Officer was interviewed.

i) Who is mobile

At the time of the interview, there was very little international mobility in company J. One French senior manager was carrying out an assignment in the UK and the company UK Head Office occasionally received French VSNE's<sup>27</sup> for a period of 16 months. It was rare for a British employee to be seconded to France although this was being encouraged.

The French Head Office was in the process of formulating 'management development plans' with the aim of developing senior French managers with potential. The programmes included sending managers to Britain to build on their existing knowledge and experience. There were currently no equivalent programmes for the development of British managers, though this possibility was being considered. Despite little mobility in the group as a whole, a worker in this company may still request to go abroad to work.

ii) Mobility policy

There was no mobility policy for the transfer or secondment of workers to other branches. As the company was highly fragmented, the employees in each sector were likely to have experiences and skills particular to that area of work which were not easily transferable between sectors or countries. Furthermore, the independence of branches in matters of human resource management and training had added to the non-transferability of staff. If mobility was to be developed in the group, these differences would have to be overcome with greater co-ordination which, according to the interviewee, was the essential factor presently lacking in the company.

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<sup>27</sup> The option of working abroad as an alternative to completing the usual period of military service in France.

### iii) Concluding remarks

This company had a low demand for international mobility and did not consider that the Single European Market had had any real effect on the company with the exception that applications for jobs from French graduates had increased slightly, though the number was still low. Although there was no formal global mobility programme to date for the transfer of workers, the interviewee stated that at group Head Office level the company was keen to second employees and wished to promote the exchange of ideas and working practices as part of personal career development.

However, at the individual company level, it was the interviewee's opinion that no progress would be made on mobility unless it was specifically targeted by top level management as a priority, setting specific target levels for the yearly number of mobile employees.



## **Part Three: Individuals' experiences of relocation**

### **7.17 Introduction**

In this section, the experiences of nine individuals who were relocated by their company on an international assignment are discussed. In three of these cases, information was gathered by the use of in-depth (telephone or face to face) interviews from individuals working in three different case study companies. One person was interviewed from company A, one from company E and one from company F. The interviewees from companies A and F undertook assignments in the UK and France respectively, the interviewee from company E undertook his assignment in the US. Despite the Franco-British focus of this study, in view of the limited sample size and the fact that approximately half of company E's total international mobility takes place between the UK and the US, it was decided to include this worker's testimony. There is very little empirical data on workers' experiences of mobility and it was therefore decided that this worker's experience would be of interest, despite the destination country (it should be borne in mind that this worker was posted to an English speaking country).

Information from a further six individuals was collected via a postal questionnaire which was circulated to staff in three of the companies interviewed (E, F, H) via personnel managers. The results of the questionnaire were disappointing and patchy. Of 30 questionnaires distributed in these three companies, only three people in company F responded. Three further responses were received from workers who had undertaken international assignments in Britain and France in two companies outside the case study companies (see Appendix 4). These responses are included here for the reasons outlined above on the lack of data. The names of employees have been changed to preserve anonymity.

## **7.18 Philippe**

### ***1. Company and job situation***

Philippe is a French employee who was seconded from the Head Office of company A in France to the British branch. He is an engineer and volunteered for the assignment in response to the request for an engineer by the British branch. His contract with the British branch started in October 1993 and was to run for 2 years. However, at the time of the interview (during the secondment), his contract had been extended by two months.

### ***2. Personal circumstances***

Philippe was accompanied on the assignment by his wife and two children. His two children were 3½ and 1½ years old when he came to England and his third child was born in England. They rented out their home in France for the period of the assignment.

As Philippe's wife was working in France as a nurse before they came to England, she was obliged to take leave from her work in order to accompany her husband. She agreed with her employer that she would take two years off and then return to her job. She intended to work during her stay in the UK, but once here she discovered that she would need an English language proficiency certificate as well as a certificate confirming her French qualifications before she would be able to work as a nurse in the UK. Philippe and his wife believed that the latter certificate would cost between £200-£300 and they felt that the procedure was too expensive and complicated. They decided instead that his wife would use this career break to have another child. (However, information later provided to the author by the Royal College of Nursing showed that this may not have been a correct interpretation. Registration with the RCN can be achieved for a small payment, though the expense of translating official documents for registration must be paid by the applicant).

### ***3. Language***

Philippe and his wife had only "*basic, school English*" when they came to the UK and did not receive any language training through the company before coming or on arrival. Philippe 'picked up' his English during the time spent living and working in the UK. The first months were very difficult for him both professionally and socially, due to his limited

English and he felt cut off from other people. His wife attended a course of English for foreign people which she arranged herself.

#### ***4. Mobility package***

Company A is still a small company and has a personnel manager at Head Office in France but not in the UK. This meant that the company could not provide a high level of practical support. Although in financial terms Philippe received relocation help from the company, no practical help was provided other than with accommodation. When Philippe first came to the UK, the British branch of the company was based in the South West. Efforts were made by the company to help Philippe find a suitable house to rent. When the company moved to Slough some months later, the company again found him a house to rent.

Philippe stated that he would have liked much more help from company A both in preparing to leave and on his arrival in the UK.

#### ***5. Administration***

As there is no formal transfer procedure in company A, Philippe had to make his own administrative arrangements in France and the UK. He found British administration difficult to deal with and felt unprepared for the procedures involved with moving to a different country such as letting his house in France, tax liabilities, the UK social security system and other practical and financial arrangements. This, coupled with poor English, made the initial period very difficult for him.

Within the company, the path was smoothed to some extent by the manager who takes responsibility for mobile workers in the UK branch (the Finance Manager) who was able to give informal advice about dealing with public administration.

#### ***6. Reactions to the experience***

In general, Philippe and his wife found their stay in England to be greatly beneficial and enjoyable. They were pleased to have experienced living and working in another country and the chance to improve their English. Philippe believed that greater proficiency in English would be of benefit to him in his professional life as he worked in the computing

industry and a great deal of material (manuals, etc.) is only published in English in this industry.

It was also beneficial to gain some first hand experience of working in Britain and with British people. He felt that this experience had given his professional life a more international dimension and added an extra bonus to his CV.

### ***7. Integration and social life***

Philippe initially found the English people to be very reserved and not very welcoming, and felt that he had to make the first step in establishing relationships. He found it difficult to fit in and accept the cultural differences, particularly when trying to form acquaintances. However, he later settled in and started to get to know his work colleagues. At the time of the interview (at the end of his second year in England) he felt that he had overcome these initial difficulties and liked working in England. He now felt that his early problems in making friends and acquaintances and his perception of culture differences may have been in part due to his lack of English.

Philippe and his wife even discussed the possibility of staying on in England, as they both liked living here. However, there were some aspects of life in Britain that bothered Philippe and which discouraged him from staying in the UK on a more permanent basis. Most importantly, he did not feel that the UK state education system was of the same standard as in France and as he could not afford to privately educate his children in England, he and his wife decided to return to France to put the children through school. He added that as the French and British educational systems are very different, once the children all started school, they should be left in one educational system and not uprooted.

On a lighter note, Philippe was equally unimpressed with British doctors, stating that it is not reasonable to have to wait for two or three days before getting an appointment and when you do see the doctor, not enough medicine is prescribed! However, he admitted that cultural differences play a large role in this sort of impression.

## ***8. Working abroad and future moves***

Philippe found it difficult to make comparisons between working methods and practices between the UK and France as the size of the two branches differed greatly. There were 250 people working in his company in France and only 15 working in the British branch. Perhaps as a result of the size difference, he had found working life to be much more relaxed in Britain and the procedures much simpler, *"in England you don't have to fill in a form to see some one, they are just sitting across the way from you"*. Furthermore, he thought that his British colleagues were very professional in comparison to his French colleagues. (It is interesting that other observers have also found that continental Europeans find the UK business environment congenial and informal and tend to adapt well to British working life [IDS/IPM, 1988]).

Given the opportunity again, he would definitely consider accepting another international assignment. Through this assignment Philippe had gained a better idea of what an international move involved and would be better prepared for any future move. In the case of a future assignment, he would be able to make informed decisions about whether to accept the position abroad, what to expect if he did, and would also ask the company for much more practical help.

## **7.19 Donald**

### ***1. Company and job situation***

Donald is the manager of the maintenance department in the UK branch of company F. He was posted out to Paris and remained there for two years returning to the UK in December 1996. The length of the assignment was originally left open, though it was to be of a minimum duration of two years and a maximum of three years.

Donald was not sent out to Paris to complete a specific assignment, the period was instead filled with a succession of three month projects which were to be carried out across different departments at the French factory. The projects focused on several areas of Donald's job including productivity and quality projects. Donald's overall objectives of the period abroad were to make contact and work with French colleagues in order to 'network'

and improve his language proficiency while completing the set projects, thereby gaining experience and further knowledge.

## ***2. Personal circumstances***

Donald was accompanied by his wife and three children aged 15, 11 and 8 years. His wife did not work in the UK prior to the assignment and did not look for work in France. However, Donald spoke about a colleague whose wife had her own career in the civil service prior to her husband's French assignment, which complicated their decision to transfer. The solution this couple found was for the wife to suspend her career temporarily in the UK, in order to accompany her husband and seek work in the destination country.

Donald's children attended schools in Paris which were funded by the company, though Donald and his wife were responsible for finding the schools.

## ***3. Language***

Donald did not receive much advance warning of his departure date, but he was already in the process of receiving French language tuition prior to receiving the request to go to Paris, so language was not a great problem for him and he was very satisfied with the level of language tuition provided. His wife could also have had in-depth language tuition if desired, organised by the company prior to departure.

## ***4. Mobility package***

The transfer package Donald received consisted of financial support which he found to be 'generous'. The only minor hiccup was that the company disputed one of the children's school fees, though the matter was resolved by finding a different school. The financial help covered all the costs of moving, and accommodation in Paris was entirely paid by the company for the two year period.

However, the company provided no real practical help or support: Donald believed that French workers being transferred to the UK by the French Head Office receive a greater amount of practical and administrative support than British workers transferring to France. This is corroborated by information obtained about company F's mobility policy (see

section 7.12(ii) above) which appears to provide mainly financial support, though exact details of this company's mobility policy were confidential.

### ***5. Administration***

As a result of the lack of practical support, Donald and his family found it very complicated completing all the necessary French public administration (registering with the local authorities, obtaining 'carte de séjour' etc.) and were overwhelmed by the bureaucracy and the French insistence on "*filling in the same forms several times*". He had to have time off work to organise administration which he was not happy about having newly arrived in his host company. Donald did not understand how the French tax or national insurance systems operated or the formalities that had to be undertaken to sort these out. He particularly highlighted the difficulty in organising family allowance payments.

As far as company administration was concerned, Donald thought that French colleagues were unhelpful and he would have liked more guidance in co-ordinating his outward and return jobs. For instance, there was no mentor or other dedicated member of staff at his home company to oversee the project or to keep him informed of developments at home.

### ***6. Reactions to the experience***

Despite the relatively difficult start to the assignment, taken globally, Donald found the assignment to be a worthwhile experience. The fact that the project presented him with professional and personal difficulties and challenges that he was able to overcome had given him additional confidence in his ability to cope with international mobility, as well as greater confidence in his language abilities. On a professional level, he also gained additional experience by completing the set projects and making contact with his counterparts in France.

After the difficult initial period, his wife and children also settled in well and by the end of the assignment the whole family would have been happy to remain in Paris on a more permanent basis. However, Donald was unsure whether the children's readiness to stay in Paris could be attributed to a particular liking for life in France, or simply wanting to avoid another change of school and home.

### ***7. Integration and social life***

Initially Donald and his family found it difficult to settle in and form informal relationships with French colleagues. When he made friends it was not with French work colleagues but with other foreigners in Paris. Donald said that his experiences were not the same as those of colleagues who completed assignments in other areas of France, perhaps due to the fact that he was based in Paris where it may be harder to make friends than in a more provincial setting. He compared his experiences to those of a colleague posted near the Swiss border for instance, who at one extreme had no trouble fitting in to the local community, and to colleagues at the other extreme who had returned to the UK before the end of an assignment because they could not settle in.

### ***8. Working abroad and future moves***

Donald was particularly aware of differences in working methods and assumptions made by French colleagues. Firstly, he felt that he was left on his own in the host factory to sort out what he should be doing and felt that although he needed to ask a lot of questions in order to be able to complete his projects, no one was prepared to take the time to give him answers. He did not find French colleagues to be approachable and found it very difficult to obtain the information he needed to do his work.

At a more general level, he observed that French workers' professional lives and careers have a very different structure from those in the UK. He noted in particular that the first questions asked by all the French colleagues he worked with concerned his formal qualifications and how many years study he had completed after his A levels (the traditional way in which French qualifications are counted, usually expressed as Bac + 2, Bac + 5 etc.). He stated that French engineers enter the company at a fixed level and that their career is much more planned and structured than in the UK with less opportunity for upward job mobility. He found it surprising that upward progression in the French company appeared to depend to a large extent on criteria such as the 'grande ecole' that the engineer had attended and his formal qualifications, rather than on experience in the job.

In terms of his career, Donald felt that his experience in France would not have a direct influence on his career advancement but that it may 'facilitate things'. The feeling that an



ability to speak French may be helpful in his career with company F corresponds to the evidence (below) from the two other workers in this company.

Donald had wanted to work abroad before the opportunity came up with the company but as a result of his experiences of mobility with the company, he was now convinced that without this support he would not have been able to go abroad to work on his own due to the prohibitive cost of an international move. In other words, receiving financial support from his employer was the overriding factor enabling his family and him to become internationally mobile.

## **7.20 Alan**

### ***1. Company and job situation***

Prior to his international assignment, Alan was a project manager in Company E responsible for a small team working on the design of a new product. A position then became available in Seattle, USA which involved customer support on the product he had been working on in the UK. Though the position was open for internal application, it was clear that he was the best person for the job due to his extensive experience of the product and his application for the position was successful. The assignment length was initially 'up to two years' and Alan remained in Seattle for 16 months, returning to the UK in May 1996, though his family had returned six weeks previously.

### ***2. Personal circumstances***

Alan was accompanied on the assignment by his wife and 3 year old daughter. His wife had to take a career break from her job as a midwife. She did not work while in the US though this was because she had to look after their daughter who has special needs.

Alan's wife and daughter returned to the UK six weeks before him due to company E's indecision over the exact date of when Alan should leave the US. Originally Alan should have left at the same time as his family but the US company wanted him to stay on while his UK home company wanted him to return to deal with a new project. Alan said that he

was not consulted during this internal wrangle and the resulting confusion over his departure date meant that his family returned early.

### ***3. Mobility package***

Alan was on the whole fairly unhappy about the way in which the company had handled his transfer to the US. He felt that he did not receive enough practical or financial help and that he was unprepared for the assignment in everything except a professional capacity.

The company transfer package included an initial period in a hotel for Alan and his family while they looked for suitable longer term accommodation. The company then paid a monthly allowance towards his rent. Alan was unhappy that the monthly sum was a set figure for all relocating employees and did not take into account the fact that he would need larger accommodation than single colleagues. He questioned the company about this and requested extra financial support but the company remained firm on this principle. Alan considered this to be unfair on workers with families, believing that it favours single transferring workers.

### ***4. Administration***

Alan said that though the company was responsible for basic administration, he did not receive his visa until the day before he was due to leave for the US and everything was left until the last minute. He did not feel that the company (and particularly the original personnel officer co-ordinating his transfer) were particularly helpful or well informed and was surprised that company E, which transfers a number of people every year, did not appear to have a good grasp of what was required for a move to the US. He said that this aspect improved when the personnel officer was replaced during his assignment.

Alan was 're-employed' by company E's American branch and his wages were paid by them. However, he was maintained on the home company payroll for national insurance and pension payments purposes. Though there were no problems with the payment of his wages, he also had to make expenses claims for extra items. The nature of the assignment was such that Alan was the only person in the office in Seattle. This meant that in addition to carrying out his assignment he also had to run the office which meant buying office

items (cleaning products, stationery etc.) and putting in expense claim sheets. These had to be sent back to the UK for approval and once approved the UK arranged to send his reimbursement. Unfortunately, some mistakes were made in the UK resulting in incorrect payments which Alan found very difficult to sort out, mainly because an eight hour time difference made it difficult to telephone British staff.

Alan said that prior to his move, most administrative difficulties could be overcome by chasing the home company and ensuring that they dealt with matters. He said that he had to take many administrative matters into his own hands and that in dealing with his home company, *“you needed not to be intimidated”* in order to get things done. With this in mind, he was concerned that it would be even harder to get any difficulties dealt with by his home company once he was on assignment.

Once there, Alan felt isolated and found it difficult to deal with all the administration and running the office on his own. Initially administration of both his personal affairs and the running of the office took up 80% of his time. This got easier as time went on though it would have been made easier with more support both before his departure and after arrival.

He found it particularly difficult to organise his tax situation. On several occasions, he was paid incorrect amounts by his home company for expenses and these and tax difficulties were *“a nightmare”* both during his stay and on his return home.

### ***5. Reactions to the experience***

Alan's overall impression with the assignment was quite positive despite many negative points. On a personal front, he had to deal with a number of issues relating to his daughter which complicated his stay in the US. He stated that without these personal complications his overall impression of his international assignment would probably have been much more positive. His wife also initially felt isolated as she no longer had family and friends to rely on for support, particularly as she remained at home to look after their daughter but without her usual network of friends.

The move therefore entailed “*lots of pressures*” but was a “*learning experience*” and Alan was happy to have had the customer contact in the US. He felt that for many reasons, both personal and professional, this was the right time for him to undertake an assignment. He had been doing the same job in the UK for some years and was beginning to feel that he needed a new challenge. The move to the US was a horizontal move that afforded him an opportunity to gain new experience. On his return to the UK home company he was given a new position (which had not existed when he left), as his old position had been filled in the time he had been away.

Alan’s final notable criticism was that he was not asked for any feedback on his assignment on his return to the UK. He felt that he should have been asked about his assignment, particularly about tax and other administrative difficulties, to enable company E to review their own procedures. He was equally unhappy that he received no feedback from the home company about how well he had completed his assignment. He had received a copy of a letter from the customer company in the US and the UK congratulating him on the work he had done during the assignment and yet received no comment from his own company. This left him with “*a bitter taste*” about the assignment.

## ***6. Integration and social life***

Alan made friends through meeting up with other British employees who had been posted out to Seattle with company E’s customer company in the UK. He also met up with previous company E employees who had initially been posted to Seattle on temporary assignments and then decided to remain permanently. Alan’s wife met people through their daughter’s school and also through the special needs support group that Alan and his wife attended.

On a positive note, although the initial separation from family was hard, once the family became accustomed to the separation, “*the break did us good*”.

Alan found working with American people to be quite different to the working experience in the UK, although there were no language difficulties as such. Particularly notable was the frank and direct manner with which Americans deal with each other. He particularly

noticed that his American colleagues tended to deal much more directly with problems which he found completely different from the more diplomatic way things are handled in Britain. At first he found this direct manner rather brusque but soon adjusted to this way of working. He also said that he found Americans to be very friendly and open in all situations and that when he was having difficulties rectifying tax problems he found Americans to be much more willing to help than staff in the UK.

### ***7. Working abroad and future moves***

Alan had previously worked in Boston, USA for three months before he got married and had wanted to go to work in another country although he had not done so until he became mobile with the company. He said that although he would certainly have contemplated going abroad to work on his own initiative, he felt much happier doing this with the company's "*safety net*". Equally, he would not feel happy about going to work in a non-English speaking country as it would be too difficult to sort out tax and administrative procedures in a foreign language.

Though he would be happy to undertake another international assignment in an English speaking country in the future, in reality he felt that this would probably not be possible as his daughter has now started school in England.

### **7.21 Postal questionnaires**

#### ***1. Company and job situation***

Questionnaires were returned by six male employees from three different companies (3 from company F interviewed above, one from company K and two from company L, see Appendix 4 for brief descriptions of these companies). Of the total six, four employees were engineers and two were managers in the technical field. Two of the respondents had asked to be considered for an international assignment or applied for the internal position, the others had been asked by the company to become mobile.

All the respondents were completing the questionnaire while still on assignment. Both managers were on assignment for up to five years while the engineers' length of assignment

varied from 18 months to 2 years (though one of them had had his contract extended by 6 months).

Five of the respondents were British workers posted to France, one was a French employee posted to the UK.

## **2. Personal circumstances**

One of the engineers was single and the five others were all accompanied on the assignment by a wife (and in some cases, children). Four of the spouses had given up work in the UK to follow their husbands and only one of these had found work in the foreign location (the French worker's spouse who was working in Britain.) None of the spouses who had given up work in England had been able to find paid employment in France. The reasons given for this mainly appear to be language related,

*"[my wife is] unable to teach English as paid work without the T.E.F.L." (Teaching English as a Foreign Language)*

*"work difficult as my wife has no French"*

Though the employment situation in France was also blamed -

*"my wife will encounter difficulty if she wishes to work until she commands the language and the employment situation improves in France" .*

Of the six, 3 workers were renting out their homes in the UK during their assignment, while a fourth who had been posted out for between 3 and 5 years was *"debating whether to sell or let"* his home. The fifth, posted out for only 18 months had left his home *"furnished but empty"*. The French worker posted to the UK did not answer the question.

## **3. Language**

3 of the 6 workers already spoke the language of the host country prior to their move. Training was provided by their companies for the 3 other workers, both in the home country prior to leaving and in the form of intensive lessons once the assignment had begun

or been confirmed. One of these stated that he was given French lessons by his company prior to leaving but that he did not have any problems because

*“English is [this company’s] technical language. All nations involved speak English”.*

However, one of the respondents who stated that he already spoke *“a reasonable amount of French”* before becoming mobile (and did not take further tuition) stated in contrast that - *“the language sometimes posed a problem in not being able to respond immediately in a discussion”*.

Four of the five spouses also received language tuition which was provided or paid for by the company, though in one case this was only available after arrival in France.

#### ***4. Transfer/mobility package***

The question put to the workers asked whether they felt that the mobility package that they received was adequate. This solicited varied reactions from the respondents, even from those working for the same company. The differing satisfaction levels from workers in the same company may depend on the differing levels of support provided by the company. For instance, a senior manager would usually receive a better package, both in financial and practical terms, than an employee in a more modest position and similarly for those with or without children. Furthermore, different divisions within a company may not provide identical packages to relocating employees depending on financial or other criteria within the division.

Despite this, the respondents were mostly positive about the financial support they received from their company, though as seen above, the answers suggested that much more help would have been appreciated on the practical/administrative side of the move. One worker did not mention the actual move but stated that he would have liked more support from the home company once the assignment had begun as French colleagues did not take an interest in the work he was doing or in fact give him enough to do during the assignment (employee from company F).

*“I think we should have had a mentor in France who had our interests at heart. No one cared if we got things done or not”.*

Another factor that should not be forgotten is that not all individuals are equally resilient or able to accept differences in lifestyle which are part of adapting to life in a foreign country. Note the difference in tone between the following two comments made by individuals from the same company.

*"[The company] assistance is developing as more people move between countries. However, there was a need to take some initiative to solve problems"* (employee from company F).

*"[The company] could only offer apartments for accommodation, no houses. It was necessary to place own advert and find my own house"* (employee from company F).

A worker from another company commented,

*"Company guidance document a great help, but one should stress that finding your accommodation and dealing with administrative differences must be approached positively and with humour!"*

## **5. Administration**

A distinction was made in the questionnaire between the host country's public administration and the administration that needed to be dealt with within the company. In response it appeared that in most cases the company administration regarding the international assignment was completed on the worker's behalf by the home company, or if not, help was provided to the worker to complete the necessary administration. In contrast, the relocating worker had to complete public administration himself.

In the case of company administration all respondents said that it was straightforward or *"relatively well dealt with"*. One manager added that for him, the *"function manager's support [was] required"*.

However, difficulties were encountered in dealing with public administration, though these were not perceived in the same way by all. Answers varied between *"relatively straightforward"* to *"very difficult"*.



The three workers from company F made the following comments about dealing with France's public administration -

*"[it was] straightforward as long as you follow the sheet supplied which detailed all of the requirements".*

*"[it was] very difficult. I was asked for some documents, others weren't".*

*"administration [was] complicated and time consuming for France. Medical systems require that you pay and claim back and income tax is similar to the self-employed in the UK".*

Interestingly though, the first comment was made by some one who said that he had already worked abroad before, *"though only for one week at a time"* while neither of the latter two respondents had worked abroad before. This suggests that there are other factors which may influence the individual's reaction to the move. For instance, if the worker has worked abroad before then, as mentioned above in Philippe's case, he will be better prepared for further international moves simply by knowing what to expect. Furthermore, the ability of a wife or partner to deal with administrative issues, while the worker is absorbed with settling in at his new job, may also relieve some of the pressure of having to deal simultaneously with work and administration, house hunting and other practical tasks.

## ***6. Reactions to the experience***

Three of the respondents stated that they had worked abroad before and three had not, but all six respondents stated that they had benefited from the secondment and would 'accept' or 'consider' a future international assignment.

In the consideration of whether to accept another international assignment, four of the respondents noted which considerations would be the most important for them.

*"children's education, wife's feelings"*

*"if I want to be away from friends, family, house"*

*"terms, conditions and responsibilities" (of the job)*

*"my family situation and the employer's offer"*

A further two respondents simply responded by saying that they would accept the international assignment. The very positive reaction to this may indicate that workers were in global terms happy with their experiences of assignment, though it should be borne in mind that they were all transferred between France and the UK. The responses may have been different had some of the assignments involved moves to more 'unfriendly' countries.

Broadly speaking, respondents felt that they had been able to learn about working methods in the host company and had acquired a better understanding of French culture and language. Workers felt that they had benefited in various ways which included -

*"developing second language, working in a different culture, broadening my horizons".*

*"working in a multinational environment"*

*"better understanding of French culture, working practices and systems"*

*"learned to accommodate differing cultural backgrounds in dealing with partners on a pan-European basis"*

*"seeing the French style of work"*

However, workers were divided about the effect of their assignment on their career; 3 replied that they were sure the secondment would not have any effect on their careers, while 3 (including the French worker on secondment to the UK) felt it would have a positive effect on their career. The French worker did not specify in what way it might be beneficial but the two other workers who expressed this view were both from company F and both echoed the same feeling that their careers would benefit from improvements in their language skills. Their answers suggest that language skills are highly valued in this company,

*"Yes, ability to speak French is key to progression in [company F] UK"*

*"Yes, perhaps more at [company F] than outside".*

The third worker from company F felt that his international experience would have no effect on his career.

## **7. Integration/social life**

On a more personal level, respondents were generally very positive and were happy to accept the 'cultural' or 'lifestyle' differences between France and the UK. The more difficult aspects of the move such as difficulties with administration and the practical aspect of the assignment (and in one case not having enough work to do), apparently did not cloud the rest of the experience. Workers were able to make friends with local people though in one case, at the time of completing the questionnaire, the worker stated that he had not yet been in France long enough to have made friends, but had every expectation that he and his family would make friends in the longer term -

*"[we] have not been here long enough but expect to do so, particularly when language capability matures. [We are] enjoying every aspect so far. Cultural differences haven't affected us yet but [we] expect to participate in typical rural village life as time goes by. Country living is so different - the silence is deafening! Family togetherness is a notable French tradition".*

Some personal experiences were indeed very positive and not all of this was accountable to the simple fact of experiencing life in another country. For instance, from the above comment it is clear that living in the countryside rather than in an urban setting was a new and interesting experience for this man and his family.

Other workers noted their own experiences -

*"[We] went to the new year banquet and one week later the Mayor organised a welcome for all the new people to the village - 5 families...[I gained] a better understanding of EEC members and a more objective view of English life".*

*"We made friends through work, Christian church, boys' school, wife's language school. We changed/adapted to the French way of life in many ways. [It was] a very positive experience but very hard work, generally broadening experience and confidence in tackling big changes".*

*"[it was] positive as a challenge and [I gained] a new outlook on living and working due to different culture".*

### ***8. Working abroad and future moves***

In response to the final question asking if the respondent would like more international experience, every respondent answered positively as mentioned in point 6. However, it is interesting to note that in response to an earlier question, four of the six workers stated that they had only become internationally mobile following their employer's request. These workers stated that if it had not been requested, they would not or probably not have gone abroad on their own initiative and yet all the workers stated that they would now like more international experience. The remaining two workers said that they would or probably would have gone abroad at some point.

### **7.22 Concluding remarks on employee mobility**

As mentioned earlier, it must again be pointed out that this study into workers' experiences is very small scale and cannot claim to be representative. Its main interest is to present some of the issues pertinent to relocating workers but it would obviously be unwise to over-generalise. It is worth noting that other research has, however, highlighted similar points to those mentioned by our correspondents. A common criticism in particular is that expatriates often find their personnel departments to be out of touch with their problems and similar difficulties with returning to their old job have also been found. However, in a more positive light, workers tend to have an increased self-confidence and have benefited from personal learning as a result of the foreign assignment (Brewster, 1991). Bearing this in mind, in order to draw together the evidence given above, the following can be tentatively indicated:

- In all the cases above, overcoming the challenges associated with international mobility increased the workers' confidence to tackle new challenges. This does not simply appear to be the result of greater language proficiency but also a feeling of personal triumph in terms of 'if I overcame the difficulties this time, I could easily do it again'.

- Following on from this, it appears from the experiences outlined above that an individual is more likely to consider going abroad to work if he or she has already been internationally mobile. In other words, those who have some idea of what to expect may be more likely to ‘take the plunge’ than workers who do not have such experience. (This is confirmed by Atkinson in his study of intra-UK mobility within companies, *“Those most likely to move in the future are those who have moved in the past”* [Atkinson, 1987, 56]). Equally, those with previous international experience are more likely to take administrative difficulties in their stride.
- The workers in this sample judged their overall experience of living and working in a foreign country very positively, both for themselves and for their family. This was for a wide variety of reasons and despite very low overall expectations of it benefiting them in their professional life. This may present an overly positive picture however. International relocation also creates problems which are not so easily overcome; two of the workers interviewed said that they had heard of cases of international assignments (either colleagues known to them or second hand information from others) which had not been so successful.
- It was particularly clear that workers were generally happy with the level of financial support they received to help them move but would have liked more practical support from their companies. This apparent lack of practical support may be due to a number of factors depending on the company concerned. These might include for instance, a lack of dedicated member of staff (e.g. a Mobility or Expatriation Officer), a failure by the company to understand what form or level of practical help transferring employees actually require or cost restraints which limit the help the company can provide.
- In Philippe’s case, company A is still relatively small and does not have the resources necessary to provide greater support for the few relocating workers each year. In the interviews with this company, for instance, it became apparent that the French branch has a very small human resources department while the UK branch is too small to have any dedicated personnel staff. Furthermore the lack of mobility policy means that there

is no framework set out by the company to deal with the issues raised by international workers. This may also create inconsistencies in the way different workers are treated.

- In Donald's case, the lack of practical support is more surprising. Company F is a major company with a large human resource department. There is no obvious explanation for the lack of practical support in this company other than that their global relocation policy is a relatively new development. Interestingly, the UK manager interviewed in this company stated that when the policy was first developed there was no formal consultation with employees nor is there any formal debriefing with the human resources department when workers return from international assignments. Feedback from relocating workers is on an informal basis and there is a formal policy review every two to three years, though the manager noted that the company is "*in constant process of updating on an informal basis*".
- In Alan's similar criticisms, a lack of practical support was coupled with poor coordination at the home company level. As in company F, there was no debriefing or feedback process in company E by which Alan could gain or give information about his international assignment on his return to the UK. Alan was particularly affected by this lack as he was very unhappy about some aspects of his relocation. Company E's expatriation manager (originally interviewed) was contacted and she confirmed that there is no formal debriefing, "*though this may take place within individual businesses and with the employees' own line manager*".
- On the other hand, providing language tuition is more straightforward for companies and our results show that sufficient language tuition was provided to workers and their families, though the difficulty for accompanying spouses in obtaining paid employment in the host country could still be partly attributable to insufficient language proficiency.

## **8. Conclusions from the company and individual research**

### **8.0 Introduction**

This chapter draws together the case study information presented in the previous chapter in the light of existing studies on company and worker mobility. At the end of this chapter some suggestions for good practice are made which have been based on the research evidence from companies.

It is interesting to note that some of our original hypotheses were correct (section 7.0 above). In all the companies interviewed, the demand for mobility mainly affected professionals and managerial staff. However, contrary to our initial suppositions, the demand for and interest in mobility did not depend solely on company size (though some of Salt's 'stages of corporate development' did apply, particularly in the level of resources that companies were able to dedicate to mobility programmes [Salt, 1992b, 500]). The smallest company interviewed employed 350 people, the largest 90 000 people worldwide so one might have expected the range of issues concerning the companies to be quite disparate. Indeed, in his study of six companies, Atkinson also found that *"the actual pattern of demand for mobility is highly differentiated between one organisation and the next"* (Atkinson, 1987, 3). While this remained true for the companies studied here, we nevertheless found that a common interest in international mobility led to often remarkably similar responses. Furthermore, the larger companies were not necessarily the ones with the most advanced thinking on mobility issues. Equally, the number of mobile employees within a company was not directly proportional to the size of the company. A similar non-linear relationship was found by Wood and Peccei (1990) in that small firms were not necessarily less prepared for 1992 than larger firms.

In fact finding common themes to the case study group's international mobility led us away from simple equations of size, number of branches or industry sector and towards more complex considerations. Note had to be taken of the overall policy aims of the company and the level of interest in mobility. Furthermore, a higher level of internationalisation (and

therefore awareness of the potential gains of international mobility) meant that the company was more likely to have made the link between their desired long term objectives and the ways in which international mobility might contribute to achieving them. A major determinant in how mobility was viewed by a company was its level of internationalisation and implantation (having or setting up overseas branches necessitates a certain degree of international mobility), but several interviewees were convinced that greater mobility in their company would result in other positive 'side effects' such as a closer harmonisation of procedures, a better understanding of how colleagues work, mutual understanding and so on. Put in its simplest form, companies who were in the process, or aiming to move towards, internationalisation were most keen on developing international mobility (looked at further in section 8.4 below).

### **8.1 Which workers are mobile?**

#### **i) Numbers of internationally mobile workers**

Although international mobility was generally high on the agenda of the companies spoken to, the actual numbers of international assignments per year were very small. The smallest company in this study (company A) stated that only one or two workers might undertake international assignments per year (though business trips were much more frequent). The number rose in relation to the size of the company, but the proportion of mobile employees as a percentage of the total workforce was no larger even in more major companies. For example, even company C, a major engineering company with a total of 90 000 employees and with a particular interest in developing an internationally mobile workforce, had a relatively small 209 international assignees in 1993.

This showed that for the companies in this study, the percentage of internationally mobile employees as a proportion of all employees was very small. This is corroborated by evidence from the ERC's International Experience Index of 150 US firms, which showed that in 1987 the majority of these firms had less than five representatives abroad (Salt, 1988).



## ii) Categories of mobile worker

The demand for international mobility mainly concentrated on the professional, managerial and senior technical employees (and some graduate recruits). In other words, what Atkinson termed the 'mobility threshold' was lower (i.e. mobility was more likely) for staff in shortage occupations. This group was made up of highly specialised or very senior staff. Companies were able to be very clear about their demand for international mobility from these particular categories of staff. These findings are similar to those found by earlier research. In his study of 248 Scottish based employers for instance, Thom (1992) established that the type of worker that firms were most likely to recruit from, or lose to other EU member countries, fell into similar categories, i.e. professional staff, managers and computing/technical staff (see also Commission 1995a; Atkinson, 1989; Brewster, 1991; Salt, 1992b). It was therefore apparent from the companies in this study, that mobility is now demanded from a broader base of staff and is not restricted as before to a distinct expatriate cadre, though internationally mobile staff still fall into highly specific categories.

The companies interviewed demanded mobility from the following categories of staff:

- Engineers and technical/specialised staff
- Senior managers and executives
- Potential high flyers - usually managers, sometimes graduate recruits

### ***Engineers and technical staff***

This was the largest group of internationally mobile staff. This may have been due in part to the fact that the companies interviewed fell mainly into technical or highly specialised industries and thus had a large proportion of specialised workers. Specialised mobile workers did not necessarily belong to any particular hierarchical level.

Occasionally finance or computing staff might be asked to be mobile, particularly if a company was setting up new operations but the vast majority of this technical group tended to be electronics/scientific/development staff.

### ***Senior managers and executives***

Mobility at managerial level tended to involve senior managers, executives and company directors. This was numerically a small group, though it was of great importance to companies (Atkinson, 1989). Typically, a manager would be sent abroad either to oversee the setting up of a new operation or to run a newly established one, which might also include recruiting local staff for key posts. This type of manager would usually already have acquired a great deal of experience in the company and may typically have reached the age of 40-50. Once a site was up and running, most companies returned the manager to the home country, though occasionally the manager would remain in the country of posting on local terms. Only one company stated that senior managers sent abroad on this type of mission would then be transferred from one third country to another and never return. This type of third country posting (the traditional expat role) is now the exception rather than the rule.

### ***Potential high flyers***

Mobility was also used aside from purely business/project needs, as a way of developing those with potential. Fairly senior managers might be sent abroad as part of their personal development or 'career path' (Salt, 1988) when it was considered that they had acquired significant experience within one country and international assignment was the next logical step in their development. These managers would be destined for very senior positions within the company. According to some observers, companies are taking steps to develop senior managers through international exposure as there is a scarcity of management with international experience, coinciding with an increasing demand for such highly skilled managers (Atkinson, 1989). Other potential high flyers quite commonly include those recruited on graduate programmes and sent abroad for a short period of usually 3-4 months to expose them early on in their career to the international environment.

Companies were in particular beginning to take more care in their selection of workers for international assignments to include an assessment of whether the exposure would be of benefit to the individual assignee. Equally, attempts were made by human resource departments, for various reasons including staff expectations, to ensure that both the worker

and the company gained the maximum from international mobility, rather than simply providing a 'body' to fill a gap.

### iii) Domestic circumstances

Although Coyle and Shortland (1992) point out that the number of expatriate women has started to grow, the overwhelming majority of mobile workers are still men - this was certainly the case for the companies in this sample. Companies variously gave 'guesstimates' of around 90-98% men which seems to be fairly consistent with other studies (Commission [1995a]; ORC/CBI [1992]; Forster [1990]; Brewster [1988]). Most mobile workers were also likely to have considerable experience in the company.

Companies stated that although younger workers usually showed the greatest desire to travel abroad with the company, it was more likely to be older, more experienced workers who were actually selected for assignment (with the exception of the small group of mobile graduates, mentioned above). However, despite these broad generalisations, there was such a broad spectrum of mobile workers that it was impossible to build a picture of the most likely candidate for mobility in terms of age or other considerations. One company said that their youngest internationally mobile employee was 21 years old while the oldest was 67, and that the average tended to be around 40 years old.

While workers were chosen for international assignments independently of any consideration of their personal circumstances, it was interesting to note the (informal) company attitudes with regard to a worker's family. In most companies the interviewee stated that they did not wish to interfere with a worker's personal arrangements regarding a family accompanying the worker on assignment, but other companies indicated that they generally preferred the mobile worker's family to accompany him. As one manager commented, "*workers tend to be much happier and settled if his family is with him*". However, companies are traditionally reluctant to 'interfere' with the worker's domestic arrangements and this continues to be the case.

It has been suggested elsewhere that discussions regarding the proposed assignment could involve the worker's family in order to ensure that a full support system is in place for the relocation, and equally that workers may well benefit from a more personalised approach (Forster, 1991). This type of approach would no doubt be welcomed by many employees relocating internationally. However, this suggestion had not been acted upon by any of the companies interviewed with the exception of one of the US branches of company H. This company stated that this part of their group did become involved with individuals' private lives by providing forums for individuals who had been selected for international assignments and their families to discuss all the implications and practical difficulties to be overcome if they accepted the assignment. This meant that this section of the company was taking an active part in helping individuals to decide whether or not to accept the international assignment. The UK manager interviewed recognised that while this may be a helpful approach, and was herself certainly in favour of the idea, she noted that it would be difficult to persuade the rest of the management team to agree to such a move. For this company the idea remained in the pipeline.

## **8.2 Purpose and duration of assignment**

### **i) Duration**

As noted by various authors in recent years, (Commission 1995a; Salt 1988) most companies no longer send traditional expats abroad. It is considered to be far too expensive and an inefficient use of human resources. In the companies interviewed, mobile workers were now much more likely to be sent on relatively short-term assignments. These were generally programmed to last between 1- 4 years and lasted 2-3 years on average.

Short term business trips were also quite widely used by companies where workers spend anything from a day or two up to a few weeks in a European branch. Assignments may also be short term, lasting only a matter of months. In this case, the worker's expenses would be paid, though the manager in one of the multinationals stated that due to cost considerations, if a worker was to be posted out for several months then it was usually

better to extend the business trip into an assignment and pay the relocation package to the worker, as this was still a cheaper option than paying for an extended business trip.

Occasionally workers posted out on international assignments remained in the foreign location becoming an employee of the local company. This situation occurred when the host company requested that the worker stay, or when the worker himself made such a request. In some companies this happened frequently, in others rarely. However, those companies affected agreed on the main drawback to this type of permanent relocation for the worker; namely, that the worker's contract must be terminated and a new one signed with the host company. This not only means that the worker is regarded in the host company as a new recruit (often having a detrimental effect on his seniority in the company), but it may also have an affect on his company pension rights. (This is discussed further in section 8.5).

## ii) Purpose

Again, the need for international staff mobility was very similar to that identified by Atkinson (1987) in relation to internal mobility. Atkinson's companies identified the need for internal mobility to be recruitment, career development, business reorganisation and technology transfer. These broad findings were also found by Brewster (1991).<sup>28</sup> Companies in our sample identified the needs for international mobility as:

- technology transfer
- collaboration
- new ventures
- gap filling
- staff development

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<sup>28</sup> It is not within the remit of this study to examine the advantages and pitfalls of different expatriation methods. For a fuller discussion, see Brewster, 1991.

### ***Technology transfer***

One of the main reasons for transferring staff is for knowledge transfer. Teams or individuals working in mainly scientific, engineering or development sections were the most frequently mobile workers. They may be transferred abroad in order to share expertise with the local team or to work jointly with overseas colleagues in developing new products. A typical example of knowledge transfer given by one manager was that of French engineers who were working on a rotor at the same time as their British counterparts but having greater success with production in terms of output and efficiency than the British. The answer was to transfer a group of French engineers to Britain for a short time (a few days) to assist the British in making the necessary adjustments to improve production.

### ***Collaboration***

Another principal motivation behind transfers is to jointly develop new products. Company F said that prior to their policy of mobility, there would often be three teams working separately in three countries on the same project. An illustration of the importance of getting it right first time was given by this company: prior to the creation of their mobility policy a few years earlier, a development team in one country had worked on a new product without consulting engineers in other locations so that when it came to manufacturing the product in a second country, problems were encountered. The interviewee said that these could have been avoided had development teams from both countries initially worked jointly on the development of the product. As a result, teams now always worked together in company F to develop new products thus avoiding this type of costly pitfall. Joint development of new products is an essential part of many businesses.

### ***New ventures***

After knowledge transfer and product development, staff were transferred abroad to establish or run new ventures overseas. This would mainly involve senior managers and occasionally finance and computer experts who may be required to work in the new venture for a limited time to set up systems (Marsden, 1993). Though this type of mobility was used in all the companies interviewed, there were variations in the practical

implementation. Some companies said that the manager might then stay permanently to run this new project, others said that he would go over to oversee the new project and recruit key staff locally before returning to the home company. In transfers of senior staff such as these, managers would be very carefully selected and the transfer might also be used to further develop this person's potential.

### ***Gap filling***

Staff may also be sent abroad for a limited time to 'plug gaps' in the local company where some one had left a post suddenly or where there was a shortage of local expertise. Workers in this position may not always be given much notice, and it was often simply a case of finding any qualified 'body' to fill the position, though this attitude was changing in response to difficulties with employees' expectations. (Section 8.5 below).

### ***Staff development***

Finally, international mobility was used for the development of potential high flyers. This use of mobility was also found in Atkinson's case study companies, though the main difference was that the companies in our sample which operated mobility as part of career development tended not to take the 'self steer' approach noted by Atkinson (1987, 12). (The exception was company C which advertised international posts in an in-house magazine and on a computer database). This difference can probably be accounted for by the expenditure and staff time involved in an international staff development programme which in most companies would not lend itself to the development of anything other than very high flyers or the most senior managers. Companies generally confirmed that these would normally be experienced managers who had gone as far as they could in one country and who the company felt would benefit from international experience (see Sparrow & Hiltrop, 1994). Only one company (H) stated that it was now beginning to turn its attention to the establishment of international programmes for the development of staff other than senior managers and this was in any case still in the pipeline. For the time being, these programmes, if they existed at all, tended to be the exclusive reserve of very senior staff.

However, other authors have found evidence that companies use international mobility to develop the potential of younger managers; in their survey of some 105 European multinationals, Derr and Oddou (1992) speak in terms of the 'development' of younger managers and the 'internationalisation' of senior managers.

### **8.3 Mobility packages**

#### **i) Current thinking behind policy**

Setting the level of the mobility compensation package is one of the most difficult areas for companies with regard to international mobility of staff. Brewster (1991) succinctly highlighted the main problem in this regard as being a fine line between setting the package at a level that attracts the best employees to work abroad, while keeping it in line with the salary levels of those at home. This is a very complicated and delicate balance and one which was of considerable concern to the companies interviewed in this study.

All the companies with a formal mobility policy agreed that 'incentives' had been much cut back in recent years. The interviewee in company I stated that many of the cutbacks had been necessary as benefits were over-inflated in past years but that any further cutbacks would be detrimental to relocating workers. This seemed to echo the feeling in most companies that a status quo had been reached. The mobility package generally became applicable in the companies interviewed when an employee was posted out on assignment for periods exceeding one year. Though the financial incentive may have been reduced in recent years, it still remained an extremely expensive business for companies to send employees on international assignments. In the words of one manager in the chemical group, "*we don't throw money at them if they are going for less than a year*". (Although another survey found that mobility packages were generally applicable from two years and up to five years; after five years the employee would usually become employed by the host company on local pay and benefits [IDS/IPM, 1988]).

One factor that concerned the managers particularly in the larger companies was the benchmarking of other similar sized companies' mobility packages, with the result that



broadly similar packages were offered to relocating employees across industries. This has been made easier since the establishment of the Employee Relocation Council in 1986 which disseminates information on current levels of assistance (Salt, 1990). However, while personnel managers may find it useful to compare the contents of their packages across industries, this may not be of great use to employees. As Atkinson (1987, 98) neatly summarised, *"The only thing about Company B's relocation package which makes it at all relevant to Company A is that it is easy to find out about it"*. Furthermore, the circumstances which led to the potential mobility of a certain staff member in one company are unlikely to be the same in the next.

Despite this, companies considered it important to maintain broadly comparable standards in mobility policies and benefits for another reason. This was for the retention of staff and in particular the recruitment of the best graduates - some companies believed that the mobility issue was one of the key factors in the recruitment of qualified staff. However, while it may be a valid point that many graduates would like to become internationally mobile early in their careers, in reality few graduate candidates are likely to shop around for the best mobility package. What may be more important is the extent to which the company can promise the graduate that they will become mobile within a few years of recruitment.

It is beyond the scope (and intention) of this study to examine the effect of mobility programmes and packages on graduate recruitment, although evidence from other sources also suggests that this is a general company concern. The important point that this discussion raises is that companies need to be clear about the possibility of offering programmes which include mobility to potential recruits. Indeed, this seems pertinent in the light of company I's worry that it could not offer mobility as systematically as it believed competitors could.

## ii) One group - one package

The major factor determining the level of assistance given to a relocating worker was the country to which the worker was being posted and whether he intended to take his

spouse/family with him. Companies tended to distinguish between culturally 'friendly' and 'unfriendly' countries. Significant amounts of money can still be made by the worker who is posted to an 'unfriendly' country but those posted to any EU country are unlikely to make significant financial gains. A recent article showed that French employees posted from France to Italy, for instance, were likely to receive a bonus of less than 5% of base salary (Planté, 1993).

Perhaps due to an awareness of possibly unfavourable comparisons, the content of the mobility package itself tended to be a sensitive issue in most companies. Managers interviewed were happy to discuss the broad outlines of the packages but very reluctant to show copies of the actual document. In fact, only two companies provided documents. Two companies (A & J) did not yet have a formal policy. (Appendix 5 contains the mobility policy provided by one of the interview companies.)

Companies were concerned that there should be one policy for the whole of the group (encompassing many sectors worldwide in the case of some of the companies interviewed) and sought to ensure that employees from different locations in the company, but working alongside each other in a new location, received the same treatment. It was no longer acceptable to companies (or employees) that staff from different home companies received completely different packages when on comparable assignments.

In practice of course, it is not possible to state in advance the exact benefits that the worker will receive as circumstances vary widely. In order to overcome this difficulty, managers stated that mobility policies tended to lay guidelines and the division or branch transferring the worker provided for the specific relocation of a worker within that framework, according to his status in the home company and his personal circumstances. The question of which company paid for the relocation package occasionally had to be negotiated between the sending and receiving companies.

### iii) What policies provide

Although the extent and the details of the policy cover must vary between companies, most philosophies seemed to be based on the 'no win, no lose' criteria mentioned in the policy reproduced in Appendix 5. Most companies appeared to provide the following financial and practical benefits:

#### *Policies would generally include:*

- household removals
- language tuition for the worker and his spouse/family
- accommodation in the host country (mostly rent free but utility bills payable by the worker - though at least one company is now asking relocated employees to contribute to the cost of housing)
- mobility/disturbance allowance, (variable but generally 10-15% of salary, payable in one-off lump sum) and possibly a transfer allowance
- electrical allowance

#### *Policies may additionally include:*

- tax counselling (by external consultants paid for by employer)
- paying for private/boarding school where no suitable local state school
- cultural training (mainly only for culturally 'unfriendly' countries, not for European countries)
- private health insurance for the worker and his family
- location allowance (again to compensate for culturally different countries)
- financial help or grant for accompanying spouse

Other adjustments were also generally made to ease the transition from one country's usual practice to another. For instance, in the case where the worker benefited from a company car in the home country but where the equivalent employee in the host company would not have this benefit, the relocating worker may be financially

compensated for this loss. One return trip home per year may be paid to enable the worker and his family to visit friends and family.

Only one company (C) had a 'mentor' system in place, which allocated a mentor to the worker both at home and in the host company. One other company (H) was beginning to think about this.

A recently much aired issue is that of the loss of earnings as a result of employee mobility within a dual income couple (Commission, 1995a). There is a strong case for employers to offer some financial and practical support to career spouses who are accompanying their relocating partner, particularly as very few spouses are able to find paid work even in EU host countries. In some American organisations this is already the case (Greenbury, 1988). However, in contrast to the Commission's assertion that some European firms are already paying a premium to compensate for 'career interruption' (Commission, 1995a), only two companies in our sample specifically mentioned that they were taking steps to compensate working spouses.<sup>29</sup> Financial aid for spouses in company H took the form of providing an accompanying partner with a grant to cover training costs of learning new skills or updating existing ones in their professional life, or simply to pursue a new hobby. A similar allowance was made for spouses in company I.

All companies strove to maintain the employee in the home company pension plan and home country social security system where possible (for social security contributions this is decided by the UK Contributions Agency which states that British workers posted to most EU countries can remain in the UK system for up to five years). Generally companies assumed any extra taxes that the worker might be liable to pay above the level usually paid in the home country.

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<sup>29</sup> In contrast, of the 52 organisations which took part in the ORC/CBI (1992) survey, 19% of employers claimed that they had a section in their mobility policies providing for spouse employment assistance. However, the authors pointed out that the figure was likely to be exaggerated as in many of these cases only language tuition for the spouse was in fact covered by this section. In our survey, assistance for the accompanying partner is more strictly defined as financial or other practical support *in addition* to language tuition.

It is fair to say that companies were generally well aware of the potentially disturbing situation for the employee and his family of international relocation and in general made attempts to provide as much support as possible to them. One company said that when tax counselling was not an option, the expatriation department set aside a day to discuss the implications of the move with the worker. Another company said that they provided the worker with documents from the Commission about working and living in the destination country. Employers may be reluctant to become too involved with a worker's move because they believe that workers do not want the company to intrude in private arrangements. However, as seen above (and also by Atkinson, 1987; Forster, 1991), workers would still like more practical help with the move, not only with their private arrangements but also with company administration which is not always straightforward. Company administration also needed to be simplified, both in the home company and most particularly in the host company. Furthermore, having a dedicated member of staff such as a mentor in the home and host company would greatly ease the transition in both directions for the transferring worker.

#### **8.4 The importance of mobility**

As shown in section 8.2, companies mostly used mobility to respond to particular company needs though a few companies also appeared to be concerned about having a potentially mobile workforce for other, more intangible reasons. On a practical level, the extent to which mobility was used in each company must be partly governed by size and available resources, but other, less quantifiable, factors also appeared to play a part. For instance, the personnel and other departments managers' levels of awareness of mobility issues and general company philosophy seemed to relate quite positively to the level of international mobility in the company, but the cause and effect relationship between actual mobility and thinking could not be determined in this study.

##### **i) Measures to encourage mobility**

The importance attached to staff mobility was reflected in the various instruments companies used to promote mobility. Most companies had a range of instruments in

place to deal with mobility (e.g. language training and cultural awareness courses for culturally very different countries) though it might be argued that these measures were aimed more at easing staff mobility as it occurred rather than specifically encouraging it. However, the fact of having formal procedures may indirectly contribute to mobility as managers are aware that systems and staff are in place to cope with any employee assignment, rather than it presenting a more major difficulty in the case where the company does not have formal procedures in place.

Company C had taken more proactive steps to encourage mobility. These included a computerised vacancy database and a company magazine in which top level jobs (senior managers, directors) were advertised. Company C was equally forward in providing the resources to manage mobility. For instance, it had mobility managers in each of its UK divisions and another at head office in France to facilitate exchanges. At the time of the interview, the company was also working on a 'mobility charter' which was to be made available to all employees.

At the other end of the scale company J did not have any real mobility of its permanent workers with only the occasional exception of short term mobility to enable its senior managers to attend management development programmes. The other eight companies fell between these extremes, showing differing but fairly high levels of commitment to the concept of international mobility and awareness of the issues involved. It should be pointed out however, that in most cases mobility in these companies was more a question of 'reactive' (i.e. problem solving) rather than 'proactive' (i.e. seeking actively to promote) mobility. (This correlates to research findings in another study of 3 major organisations [Forster, 1991]).

## ii) Stages of internationalisation

It would clearly be difficult (and in any case, misleading) to make detailed generalisations about international mobility in the companies studied, partly because the data available were restricted to ten companies, and partly because each company's particular constraints and circumstances were highly specific. However, bearing these

points in mind, it is possible to tentatively make some broad comparisons regarding the nature and extent of existing mobility in these companies.

One of the most important factors that should be considered is whether the companies with the most advanced thinking on mobility were also the ones with the structure and policies in place to accommodate mobility. Following on from this, some ideas about 'best practice' can be identified (section 8.8 below). Furthermore, comparing a company's thinking about mobility and the level of 'mobility structure' actually in place may give some idea as to whether the use of mobility in companies is linked to their stage of internationalisation. In table 1 below, companies are shown in a sliding scale which has been devised to show to what extent the staff mobility procedure had been formalised. It shows, in a brief form, the level of commitment and resources dedicated to the international mobility programme by each company. Level one indicates the lowest level of corporate commitment to the development of international mobility, level five indicates the highest level of commitment.

The table shows that company C, which as we have seen was particularly committed and proactive in the promotion of staff international mobility, is at the top of the rank, closely followed by companies I, H and E. These were also amongst the largest companies and it would follow that these had the resources to develop staff mobility (see Appendix 3). Furthermore, it has been proven that companies which are already implanted in Europe are most likely to be proactive in their development of policies on the SEM (Wood & Peccei, 1990). However, size did not necessarily have a directly proportional relation to mobility. Company F is an equally large employing organisation and yet is only at level 3 on our table. This traditionally 'national' company had stated that one of its long term goals was to become more 'European' in its outlook and was therefore working to ensure staff mobility. This was also the case for company A, which although only at stage 2 at the time of interview was still much further along in its thinking on mobility issues and the benefits that staff mobility can bring to the company than company J which is of comparable size but much more 'national' in its outlook.

**Table 19 Company mobility commitment levels**

Level	Mobility policy level	Company	Staff resources
1	Very limited or no official policy	J	Personnel staff only
	Little company interest at HQ level		
	No dedicated resources except punctual		
2	Mobility policy limited (business needs)	G	Personnel staff only
	Some company interest	B	Part-time mobility officer
	Limited dedicated resources	A	Personnel staff at HQ only
3	Policies in place or undergoing development		
	Mobility targets being identified	F	Mobility staff
	Growing company awareness/interest	D	Personnel staff
	Resources being/have been identified		
4	General staff awareness and company interest	I	Mobility staff
	Mobility used for defined goals	H	Mobility staff
	Resources not problematic	E	Mobility staff
	Mobility facilitated rather than promoted		
5	Mobility promoted proactively ('top down')		
	Measures identified to develop mobility	C	Mobility staff
	Resources not problematic		

In considering the extent to which mobility is used in a company in comparison to its level of internationalisation, it has been seen above that the companies in this study used staff mobility for the following purposes: to send staff to newly acquired businesses overseas (to set up new systems, recruit local staff and to guarantee homogenous practices); to enable teams of specialised workers to collaborate on new projects (to ensure a product's smooth passage into production in more than one country, to pool individuals' knowledge); and to promote the exchange of highly specialised (usually technical or scientific) skills and knowledge.



All of these uses of mobility help the company gain an advantage over competitors in the development of new products. They promote and form part of the company's programme of internationalisation and market dominance. This comparison takes as its main focus the level of internationalisation in companies. However, companies can also be compared on an industry level; thus some companies develop internationally while others do not. Working in the field of computer technology for instance, company A is more likely to be concerned with breaking into new markets (and indeed in a position to do so - technology is comparable and not specific to the national market) than company J, which is a service company dealing in insurance.

Company J in fact formed part of a worldwide group of companies but these did not have formal mobility programmes for the majority of staff. Company J's use of mobility was limited to the training and development needs of a few senior managers. This ties in with Wood and Peccei's (1990) study of twelve insurance companies which also found that these companies' use of international mobility was restricted to the development of a small minority of managers destined for senior management or specialist positions. The Commission has also suggested that workers in the service industry are less likely to be mobile except for a few senior and specialist employees (Commission, 1989). Furthermore these companies did not expect there to be any significant increase in international mobility in their companies after the establishment of the SEM.

In the above insurance company case, it may be that these companies do not use staff mobility to the same extent in the first instance (i.e. to help break into new markets), but rather after the internationalisation process has been initiated, in order to help homogenise working practices and to help promote a company image. In an attempt to corroborate this hypothesis, two other service companies were contacted but despite repeated attempts no response could be obtained.

### iii) Other reasons to promote mobility

As seen above, two of the largest companies (C and I) stated that mobility was a major issue for them; company I's relocation policy document stated that "*the Group is keen to*

*encourage and develop above all else the international mobility of its employees*". Company C's manager stated in interview that the company was so keen to promote mobility that one part of the group in fact encourage mobility, "*almost for the sake of it*". From this evidence, it is clear that for these companies, the creation of an 'international workforce' was one of the top priorities.

Company F, a large European company was developing the mobility of its staff in order to promote closer integration and co-operation between its major divisions which are spread across Europe. This company believed that this could be achieved with more contact between divisions via staff transfers and job swapping. Even in the smallest company (A) the personnel manager shared this view stating that better co-operation and understanding would be achieved with greater mobility of staff, although this company was not yet in a position to allocate sufficient resources to this aim.

In fact, all the companies in this study showed a great deal of interest in mobility. The reasons for this varied: some companies were, or had recently been, working on their mobility policy (in two cases the policy had only recently become formalised as a global policy), others already had a policy but were finding that other issues such as costs, finding suitable candidates for mobility and other practical difficulties meant that international mobility remained a constant challenge, in spite of having (or because of?) a formal mobility policy.

### **8.5 The difficulties in relocating employees**

Most companies were ready to admit that since the creation of the SEM, it had become administratively easier to move staff within Europe as regards social security and document requirements. But significant problems still existed for companies in many areas of international mobility. These fell into two categories: the first involving administrative or technical difficulties such as pension payments or social security contributions for the mobile worker. The second category concerned the human resource difficulties in managing internationally mobile workers.

## i) Administrative/technical difficulties

### ***Social security***

This was mentioned by about half of the companies; all companies aimed to keep the worker in the home country social security system when relocating him within Europe. With the continuing measures to harmonise social security this had become easier (Commission, 1995b, 1996c, 1996e) although one company said that overseas contributions agencies did not work as fast as in the UK which meant that the process of registering the employee was much slower than it should be.

### ***Tax***

Tax was more problematic for companies than social security. Differing tax regimes mean that administration can be very complicated. Also where tax rates were higher in the host country, companies pay any extra tax that the employee may be liable to pay above his usual level which could be very costly for the company. Many companies, including the largest multinationals, were concerned about this. In fact, the cost of moving employees internationally was perhaps the single greatest brake on most companies' development of international mobility.

### ***Supplementary pensions***

Pensions were one of relocating workers' prime concerns and a major difficulty for companies. Companies believed that not enough is being done to co-ordinate supplementary pension schemes across the EU. Though workers were maintained where possible in the home company supplementary pension scheme, in some cases companies were unable to maintain workers in the home scheme. This may be due to company structure whereby workers have to be effectively 're-employed' by the company to which they have been posted (Financial Times, 29/11/96, 2). In this case, the worker is not permitted to continue paying into the home company's scheme during his time abroad and may be required to pay into the host company's scheme (in some countries, such as France, this is compulsory). This is obviously not a satisfactory arrangement as two or three year's payments into a foreign scheme may be of little value to the worker but at the same time means that the worker has 'lost' the same contributions from his home

scheme. Similar problems arose when a worker relocated permanently to his host company and had to stop his pension at home and start again with the host company. This was also found to be a major difficulty for the companies in the IDS/IPM study which concluded that, "*Pension arrangements are probably the single biggest headache personnel managers face in moving people, and the length of assignments is sometimes calculated with the aim of avoiding too many problems*" (1988, 34).

## ii) Human resource management difficulties

### ***Dual income couples***

Only two managers specifically mentioned that they had encountered difficulties in relation to dual income couples, other managers stated that they felt this was going to be a growing problem though they had not yet encountered any real difficulties. As a result, companies had not yet generally made any provision for working spouses in their relocation policies - most managers felt that they should 'cross that bridge when they come to it'.

Despite most companies stating that they had not yet had any trouble with dual income couples, most still had stories to tell about workers who had refused international assignments due to a partner's work, or about workers who, once relocated, found that their spouse was not able to find work in the host country. This suggests that if a worker accepts an assignment, companies assume that he has resolved any difficulty about a partner leaving a job or career and prefer not to get involved in workers' private arrangements (Financial Times, 9/12/96, 10).

Whatever the company's attitude toward becoming involved in workers' private decisions, some companies were clearly concerned about the willingness of employees to accept international relocation. (It is interesting to note however, that this is an area that has apparently been of growing concern to companies for several years, yet very few employers have so far taken practical steps to lessen the detrimental effect of a male worker's mobility on their partner's career [see Snaith, 1990]).

### ***Worker selection***

There is a large body of work establishing the qualities to look for when choosing employees for international assignments, and it was unclear to what extent the companies interviewed paid attention to the current thinking on worker selection. However, most companies stated that they were now much more careful when selecting workers for international assignments and tried to select workers with potential for development, rather than simply finding a suitably qualified 'body' to fill the overseas' gap.

Obviously, better selection and support in relation to international mobility helps to resolve other problems with relocation such as workers' awareness of what mobility involves and the suitability of the candidate. It is beneficial for both worker and company that the worker has been selected not only for his knowledge of the specific task, but also in relation to his personal circumstances and characteristics. (However, only the US branch of company H had taken steps to implement screening of potential candidates for mobility as seen above).

However, it has been suggested that more work still needs to be done in companies on the selection of candidates for international assignment, particularly for managers (Sparrow & Hiltrop, 1994) and this was generally agreed upon by the interviewees from our companies.

### ***Cultural and language difficulties***

Language difficulties were still of concern to most companies when relocating staff internationally though the problem was not considered to be insurmountable. The two computing companies were least concerned about language difficulties which they accounted for by acknowledging that English is the international computing language, so that engineers and specialists had to have a basic knowledge of English for their work. For other industry sectors, significant problems remained, though graduate recruits increasingly speak a second language and two Anglo-French companies insisted that employees taken on at this level speak French in order to facilitate mobility. The greatest language problems during international relocation were most likely to be experienced by a worker's partner who is usually left to sort out the practical side of the move.

In chapter 2.4 it was seen that it is important for companies to be aware of the culture differences between the home and host country in order for them to be in a position to provide adequate and specific culture preparation to the worker undertaking an assignment. However, the reaction in companies to the question of culture was ambivalent. Most of the managers interviewed held the view that cultural differences within the European mainland are now almost negligible and only affect moves to culturally 'unfriendly' countries. A small number of managers however felt that cultural differences are still noticeable in Europe, judging from their personal experience of trying to work on issues alongside their European (and in this study, mainly French) counterparts. If managers were having difficulty working with colleagues then possibly posted workers may also encounter culture related difficulties when working with foreign colleagues. In conclusion, European culture differences, where they were acknowledged, did not feature highly in the relocation process and were not found to be a problem by the companies interviewed.

For workers on assignment in Europe, some minor issues concerned workers' expectations of accommodation and other benefits. For instance, workers posted to France were likely to be housed in flats, but according to the managers interviewed, British workers used to living in a house with a garden and garage, often felt that living in a flat was a step down for them. Equally, where a British employee may enjoy the benefit of a company car, this would generally not be a benefit when he was posted abroad as mentioned above. On a lighter note, one French worker posted to the UK expected to go home for lunch and, when refused, was disappointed to learn that he would not even get luncheon vouchers to compensate!

### ***Employee expectations***

In their study of company relocation, Coyle & Shortland (1992) found that workers returning from international assignment often expected to benefit from enhanced career development and prospects and to be financially better off. However, those expectations were often disappointed when workers were expected by the company to go back to their old position, their new experience apparently going unnoticed. Forster (1991) found a similar mismatch between the company's motives for internal relocation and worker's

expectations and some evidence given in Brewster (1991) also shows that there is “*no clear relationship between expatriation and career advancement*” despite workers’ beliefs to the contrary.

The companies in our study had also had experience of managing over-inflated expectations. Company H stated that as their staff mobility was almost solely the result of the need for the exchange of information, from the company’s point of view, the only thing that counted was getting the specialist out to one international location and then returning him back home at the end of the assignment. They found that difficulties often arose if the worker undertaking the assignment did not realise that he was only being sent to do a job and had not been selected for his future potential.

The difficulty in managing employee expectations was also mentioned by company F and both this company and company H stated that much more importance was now attached to transparency. Company H stated that it was important for them to plan realistically and to prepare the worker for the assignment to ensure that he understood the aim of the assignment.

### ***Returning workers***

A further major difficulty with international relocation was encountered when the worker was due to return to the home company; namely, finding a suitable position for the returnee. Two or three years spent abroad may be good experience for the worker, but is a long time in business. In some cases, a worker’s skills do not keep pace with changes in the home company, particularly in rapidly changing industries such as computing. Part of company A’s reluctance to allow French engineers to undertake assignments in the UK stemmed from the worry that the worker might lose his skills while away.

Furthermore, restructuring and other organisational changes may mean that the number of jobs in the home company as a whole, or in a particular division have been reduced making it difficult to find work for the returning employee. This was a particular problem for company I (See Sparrow & Hiltrop 1994; Johnston, 1991). By learning from experience (Sunday Times, 20/4/86, 73), most companies were now much more careful

in how they administered relocations and took steps to ensure that the worker had a job to return to at the end of his assignment. However, companies said that it was often not possible to put the worker back into the same job as before and one company said that they often could not give the returning worker a job in his original location, meaning that the worker may then have to move to another site on his return home.

This does not only appear to be a problem for the companies in this study. A recent US survey showed that managing overseas postings of even relatively short duration was a major problem for US companies particularly with regard to the reinsertion of returning workers. Too often there is no written guarantee of a job for the returnee and often the person does not feel that his new skills acquired through international experience are valued or utilised by the employing organisation (Financial Times, 4/9/96, 17)

Some of the companies in this study were particularly concerned that the worker should keep up to date with changes happening at home, both in the work and structure of the company so that the worker would be prepared for the transition back to the home company. However, they considered it the employee's responsibility to remain in touch. On a more negative note, another company said that it now takes more care not to make promises to the mobile worker.

### ***Returning home***

Equally, from the worker's perspective, the companies interviewed in our study had stories suggesting that the worker should not expect his return journey to be a simple matter of retracing his steps. Salt (1988) and Brewster (1991) discussed some of the difficulties of readjustment for the returning worker and Johnston's (1991) survey of employee repatriation noted that multinationals gave a number of explanations for the difficulties experienced by returning workers. These included loss of career direction, lack of recognition of experience gained, loss of status and reduced responsibility.

Difficulties with repatriation may, however, be less severe with shorter international assignments and also if the assignment is based in another member state rather than further afield where cultures and lifestyles are more different. An illustration given by



one interviewee demonstrates this point; this concerned a worker and his family who had been posted out to Australia from the UK for a two year assignment. The family had settled into their new home very quickly and when the time came were very reluctant to give up what they considered to be a much better lifestyle (house by the beach, new friends etc.) to go back to life in England. The interviewee pointed out that the problem rested principally with the worker's wife and children - they had to give up what they considered to be a superior lifestyle to go back to a poorer quality of life (see Johnston, 1991). For the worker, the transition was made easier as he had an incentive: the company had promised him a better job on his return.

### ***Refusal***

It has recently been pointed out that 'quality of life' considerations are of increasing importance to workers (Commission, 1995a). In the light of this, it might be assumed that this will have an effect on international assignments and that these considerations may even lead employees to reject job offers if they conflict with the worker's home life. However, the companies in this sample did not believe this to be a serious concern.

Much depends on the company's attitude to mobility issues but the manager from one of the chemicals companies stated that in her opinion, *"it is still better to accept"* international assignments and another company manager said that a worker's refusal to become mobile was *"not usually acceptable"*. However the latter remark was made by the manager from company C which, as mentioned earlier, has adopted a policy of promoting a 'mobility culture'. This means that workers are aware from the beginning of their contract with the company that they may be asked to be internationally mobile. In these circumstances, it would therefore be generally unacceptable to the company if workers then refused to move when asked.

### **8.6 The effects of the SEM on company mobility policy**

It is difficult to say to what extent the establishment of the Single European Market has had any effect on the ten companies and even more difficult to isolate effects on mobility in particular. The manager from company B stated that, *"the EU still has a long way to*

*go to make moving across the EU the same as a move to Scotland*” which gives an indication of most managers’ thoughts on this subject. Certainly all denied that it had had any quantitative effect on them. However, the general climate of take-overs, joint ventures and mergers which the SEM has created (which had affected three of the ten companies) had prompted companies to think about the international mobility of staff as well as triggering reflection about harmonisation of processes and procedures across the EU. This was also found to be the case by Atkinson (1989) and Sparrow & Hiltrop (1994).

One chemical company said that if any SEM effects on mobility had become apparent, they were indirect - stating that European initiatives had opened Europe up to competition which had led to the company setting up new ventures and joint projects. This in turn had necessitated the temporary transfer of key employees (in this case mostly top level managers and finance staff). But it is difficult to state with certainty that this would not have happened even without the establishment of the SEM.

The key point is perhaps that the SEM and the accompanying publicity have done more to raise awareness of international staff mobility in human resource managers’ minds rather than to have an actual practical impact (aside from administrative simplification). Mobility has also become a vehicle for other concerns and may be used as a key element in the recruitment of staff. Company I stated that though it had not felt any concrete effect of the SEM, in the light of recent discussion surrounding it, it had been prompted to review its mobility package, mainly in order to keep it in line with benefits offered by similar companies in an effort to retain key staff and to remain competitive in terms of attracting high potential graduates.

Less specifically, this manager went on to state that 1992 had, “*underlined the importance of the Euromanager*” though it is unclear whether this sentiment was the result of this company’s actual requirements or simply a reflection of human resource management’s current jargon. The concept of the ‘Euromanager’ describes the qualities of a manager who is internationally experienced and who has a distinctive ‘European’ management style but the creation of the term is possibly an example of management

theory racing ahead of reality.<sup>30</sup> Furthermore, many managers themselves seem unclear about what constitutes a Euromanager (Financial Times, 8/10/97, 14) and are often unwilling to appoint them (Financial Times, 5/3/97, 14).

Company A confirmed that the changing reality in Europe had had a small indirect effect on them, in that the company had been partially reorganised (in 1996) to encompass two centres of direction. These are now based in Paris for relations with Southern Europe and London to deal with Northern Europe. These changes perhaps reflect the company's desire to become more firmly established in Europe though again to what extent this has come about through the SEM initiatives is debatable. In summary, it is perhaps most important to note that regardless of quantifiable effects, companies generally felt that the SEM had had a small, indirect effect on their staff mobility through the opening up of the European market.

### **8.7 What would companies like to see the EU doing?**

It was difficult to get managers to pinpoint specific areas for improvement; in general terms interviewees felt that Europe could be doing more and working faster to ease international mobility. A general point made was that the actual procedures are relatively satisfactory with respect to mobility but could be made quicker (particularly in relation to social security contributions agencies).

Of the more specific issues, nine out of the ten companies said they would like to see better arrangements for supplementary pensions. This was the area of the greatest concern to both companies and relocating employees. It was not generally a problem when a worker was relocated for a short time remaining an employee of the home company; rather, problems tended to arise when workers were either 'poached' by foreign branches, or requested to remain in the foreign company on local terms. One company suggested that a resolution to this problem would be to have a pan-European

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<sup>30</sup> For a more detailed discussion of the concept of the Euromanager see Coyle & Shortland, 1992, pp.27-28, Sparrow & Hiltrop, 1994, pp.406, The Economist, 1992, 109.

supplementary pension scheme which workers could take with them as they moved about in Europe. (This idea has been discussed at European level. However, in a full review of supplementary pensions, the High Level Panel found that this proposal would not be an equitable solution as it would only benefit *mobile* workers and would therefore not be applicable to all workers equally [Commission, 1997d].)

In relation to the free movement of third country nationals, the manager from company A said that they would like to see visa requirements in all EU countries harmonised. This company was in the process of setting up a branch in India which would require mobility between the head office in France and the newly established Indian office. Under current arrangements, it would be administratively easier for the company to bring the Indian employees to the UK rather than to France, and then for the French colleagues to go to the UK to meet up with them. This situation would be much simpler if entry requirements were harmonised across the EU for any third country national. This is an area that the Commission has begun to look at (see Convey & Kupiszewski, 1995).

Surprisingly perhaps, only one company (H) specifically mentioned the area of the recognition of diplomas. This company regularly recruited from European universities' milk rounds and would find it useful to have a better harmonisation of qualifications, and most importantly, a better understanding of the equivalence of European qualifications and diplomas. In Thom's (1992) study no UK companies mentioned that European qualifications caused problems or difficulties for recruitment in Europe (see also Salt, 1992b). Similarly, another survey on this topic found that "*European companies have come to grips (or believe that they can come to grips) with the problems that the disharmonisation of qualifications around Europe continue to pose*" (Eurobusiness, 1989, 25). Taken along with our study findings on qualifications, this would suggest that while the non-recognition of diplomas is a major obstacle for *individuals* wishing to go and work in another member state, companies have ways of overcoming this type of obstacle. It must not be forgotten however, that accompanying spouses (like individual movers) still find it difficult to find work in other EU countries at present despite the Commission's progress in this area.

## **8.8 Suggestions for good company practice**

Following the assessment of the existing research, our postal survey, the company depth interviews and the employee interviews, some suggestions might be made to companies with regard to their international assignment programmes:

### **1. Information - workers about to leave on international assignment need more information about what to expect in the host country.**

- At least one worker interviewed above would have benefited from more explicit information about the purpose of his assignment and the person who should have been responsible for his supervision in the host country.
- On a personal level, workers also need a better understanding of the local administration they will need to complete, and how to go about it. For most workers, this took up a large chunk of their time in the early stages of the period abroad. This is frustrating and timewasting.

### **2. Provide mentors - or a dedicated member of staff able to act in this capacity**

- Only one of the companies included in the case study had a mentor system. This usually takes the form of a member of staff being allocated to the relocating worker both in the home company and in the host company. Mentors are in a position to co-ordinate the move abroad, the arrival in the host country and provide a link to the home company during the worker's absence. This should help to overcome many of the problems encountered when workers return home, particularly if the home company has undergone rapid changes during this time.

### **3. Clearly delineate the staff member responsible for the assignment**

- Some companies interviewed had a dedicated international assignments or expatriation post, but in others the existing personnel department was responsible for international moves. Without specific training on the international aspect, human resource or personnel staff may not be adequately equipped to deal with the specific issues arising from an international rather than internal move. Specific additional training could be undertaken by the staff dealing with international relocation, either as part of their general training or provided by the company as part of the induction programme for personnel staff.
- Companies need to ensure that they and the employees know who is responsible overall for the international move. Having a dedicated, trained member of staff (even on a part-time basis) who is both visible and proactive would avoid confusion about responsibility of assignments and would complement and lend support to the existing personnel functions. The cost of this post creation would represent only a tiny fraction of relocation budgets in most large companies (Forster, 1991).

### **4. Establish a mobility policy**

- One of the workers interviewed was moved by a company which did not have a formal mobility policy and it is interesting to note that this worker had the greatest difficulty with the practical side of the move and settling in to his host country. While it is not necessarily the case that having a formal policy will eliminate all problems (the similarity of Donald's and Philippe's comments shows that it does not!), it does provide a framework which can be upgraded or revised as necessary over time with the help of workers' feedback on their assignment. It also establishes a formal procedure for international relocation rather than dealing with the move in an ad hoc manner.

- As a result of the lack of policy, this worker received no help with the practical side of his move (what to do about his home, taxes, social security, how to obtain child benefit in the host country and so on). This company also failed to recognise his need for language tuition before leaving on the assignment and provided none for his family. This worker was grateful for the financial help provided, but practical support would have been of at least equal benefit to this worker.

## **5. Regularly revise the existing mobility policy**

- Those companies that have already established a mobility policy will need to update it regularly. Formal reviews could be accompanied by a process of formal debriefing for workers returning from assignment so that their comments can be officially recorded. It was unclear from company interviews exactly how many companies already have debriefing sessions with returning workers but the indications are that these are not common and that feedback from workers mainly takes place through informal discussions with line managers. This may not necessarily filter through to the personnel/expatriation department.
- Without a formal debriefing or feedback session with workers who have undertaken an international assignment, it will be difficult for companies to establish how best to provide practical support in their mobility policies. Providing a method for workers to give feedback on what they would have liked to receive as part of their package will help companies to 'get it right' next time.

## **6. Give special attention to the repatriation of workers**

- Once companies have a mobility policy and adequate planning in place (as above), they should ensure that at least as much attention is paid to the 'third pillar' of the assignment process - the return of the worker to the home company. (Johnston [1991] has also found that this aspect of the assignment needs to be given much more attention in many companies). This suggests firstly, that companies should question very carefully their

motives for sending workers on international assignment and secondly, once it has been decided that an assignment is needed, efforts should be made to 'manage' the worker's expectations on his return. Returning home should not be assumed to be a simple matter of retracing the worker's steps.

- Evidence from individuals and companies suggests that if companies take care to explain the aims of the assignment to the worker prior to departure, then workers are happy to accept any type of assignment on the understanding that it will not necessarily lead to promotion.
- However, on their return, individuals did expect some recognition for the successfully completed assignment. In at least one case, the assignment left the worker 'bitter' because he felt that none of his superiors in his home company had appreciated what he had achieved for the company. This type of disappointment can easily be avoided with the use of a formal debriefing or feedback session. The aim of this would not only be to find out whether the mobility policy can be improved upon (as mentioned above) but would provide an opportunity for the superior to formally show appreciation for the work the assignee had undertaken.

## **8.9 Concluding remarks**

In her article, Planté (1993) corroborates many of the findings of this study, such as the difficulty in identifying suitable candidates for mobility and the difficulties companies experience in managing both outward and return journeys. However, she also suggests that although there may be differences in cultural and administrative working methods between foreign branches of the same company, the relocatees' path is smoothed by the homogeneity of the 'company culture'. The evidence collected in the present study suggests that this might be to oversimplify. Though the companies' overall objectives were the same at the highest level, the different interpretations put on policies, as well as differing day to day working practices and procedures in French and UK branches meant that international moves were felt to be very different from internal moves despite the fact



that both take place within the same ILM. This is supported by evidence from other authors; Hofstede (1982) suggests that when companies become multinational it is possible for them to develop a specific 'corporate culture' which overarches national culture, however, this should not be assumed to be a logical and self-evident progression. Indeed, he suggests that the failure of many transnational joint ventures can be ascribed to the incompatibility of the partners' national cultures.

The development of international mobility policies are affected in a company by a number of factors. The more obvious considerations include factors such as size, international implantation and available resources, less obvious differences are contained in French and British management techniques (clearly seen in company C's case). However, mobility is also affected in a significant way by human resource managers' commitment to developing a mobility culture within the company and the perceived value to the company of encouraging mobility.

While the level and commitment to international mobility is clearly highly company specific, the results from this study show that companies had an interest in mobility and used it to achieve a number of objectives but that significant difficulties were still encountered in moving individuals. These problems were less noticeable when very senior management were transferred as part of their career development but these numbers were extremely small. Opinions vary, but the results of our case studies would not necessarily agree with the IDS/IPM study findings that, "*Companies are starting to move a large number of managers within Europe*", though this may be true for traditionally more mobile industries outside this study such as hotel and catering. The conclusion drawn by the Eurobusiness/MSL survey with regard to pan-European recruitment and international staff mobility is rather more relevant to this study. They concluded that "*the survey suggests that managers are less hindered in mobility these days by traditional 'hard' factors - such as qualifications and the cost of living differentials - and more by the psychological 'soft' barriers of culture, language and adaptation. This may be simply because they have only just realised that these factors are important*". (Eurobusiness, 1989, 25).

Though the numbers of mobile workers in the companies interviewed here were generally very small, some improvements can nevertheless be made to ease international mobility for the company and the individual concerned. The suggestions made above might help to facilitate international mobility and would not be costly to put into practice. Greater practical support would help the worker to undertake the physical and administrative aspects of the move; the company would benefit in terms of eliminating time wasted by the worker on fathoming the host country's administration and thereby help the worker to obtain optimum productivity in a shorter time. This consideration is particularly important in the current climate where assignments are often limited to a two year maximum.

Finally, though the ratio between the length of assignments and successfulness has not been studied in any meaningful way in this study, other researchers have suggested that fewer, relatively longer stays may be more effective in terms of realised goals than more frequent, shorter stays (Brewster, 1991). While this may be true, it is, in my view, an overgeneralization; the length of the assignment is likely to depend very greatly on the objectives of the assignment and the level of worker carrying it out. The results of the company case studies above suggest that companies have a wide spectrum of reasons for needing to operate an international mobility policy. This is therefore a consideration which can only be determined by the company at the time of the assignment. In other words, in view of the diversity of reasons for mobility , it would be rash to be prescriptive with regard to assignment length.

## **9. Conclusion**

### **9.0 Central questions**

This study has looked at the pan-European mobility of French and British highly skilled workers in response to the Commission's expectations that these categories of highly qualified, highly skilled workers would become increasingly mobile in the wake of the establishment of the Single European Market. These views, popular with the Commission and other observers in the early to mid 1980s, were based on the economic assumption that the liberalisation in trade, coupled with a strengthening of the freedom of movement of the four factors of production (goods, capital, services and labour) would stimulate competition which would in turn provide economic prosperity and therefore increased welfare benefits for all EU citizens. Companies were expected to continue along the path of globalisation and new spatial development, which would entail a greater mobility of labour to sites of production across Europe. The review of the literature and new empirical evidence suggests that while this shift has taken place, it would be erroneous to conclude that there are no longer any obstacles to this type of labour flow.

A good deal of the research presented suggests that many companies have responded positively to the challenges and opportunities created by the SEM. This has engendered labour mobility of highly skilled workers in these companies and the reasons for the use of labour mobility are clearly emerging and are fairly consistent across industry. Of course, labour mobility within companies is far from being a new phenomenon - companies have been transferring staff on an international basis for decades. What is new about the labour mobility currently operating is the type of staff who are experiencing mobility and the accompanying changes that have been made to corporate mobility policy to account for these developments. Staff are no longer transferred to distant locations on a permanent 'expat' type basis; new technology and the effects of global production and spatial distribution that these have permitted, means that mobility has evolved within companies to shorter term, objective based assignments affecting

categories of employee who have the necessary skills and experience, as well as a managerial cadre.

In this study we have also paid attention to the policy and legal framework for labour mobility and discovered that a good deal of progress has been made in this area. However, there are still problems for those companies who transfer labour across EU member states, some of which could be addressed by legislation. The principal problem is the lack of co-ordinated approach on supplementary pension provision but the slow and bureaucratic system of processing other social security provision for mobile workers is also a cause for concern to companies. Other issues are more difficult to legislate against – barriers such as language and culture differences, training systems and the recognition of (particularly non-regulated) professional diplomas and qualifications. Companies also complain about the cost of international assignment and have taken steps in recent times to develop policies to reduce costs.

It has been estimated with a fair degree of certainty that the majority of highly skilled mobile workers are moving within the internal labour market of employing organisations, and the issues for these workers and their companies have been examined at length in this study. This has resulted in the development of some good practice guidelines for employers and has highlighted remaining areas of difficulty that must be addressed. It has been acknowledged, however, that there are separate and distinct issues for non-corporate mobile workers, i.e. those that are mobile on an independent basis. This is an area that has only been touched on in this study but one that merits further research, particularly in view of the difficulties in collecting comparable pan-European data on these types of flows. It has been argued in this thesis that corporate movers are at a huge advantage to independent movers, as the large multinational employers who are mainly moving workers on a pan-European basis are able to contribute to all the various costs that arise from an international move, as well as providing practical support to workers and their families (though it has been seen that companies find it easier to provide financial rather than practical help). Independent movers do not have these support mechanisms and it would be a useful avenue of further research to establish more about the issues for non-corporate highly skilled mobile individuals, particularly as addressing

these issues may begin to have a real and positive influence on removing the remaining obstacles to mobility for these workers.

In responding to these central issues, this thesis has examined the link between the establishment of the Single European Market, the increasing globalisation of major European companies and the circulation of highly skilled workers within them. It has been argued that if a significant proportion of the circulation of highly skilled workers is taking place within companies, then the extent to which the SEM has promoted increased trade and therefore internationalisation of companies is important.

### **9.1 Findings and further issues**

A number of authors have shown how highly skilled migration flows become established between areas of emerging industrialisation but fewer have looked at these flows within the framework of the SEM. This is mainly due to the invisibility of the highly skilled worker; highly skilled workers slip through the net of standard statistical collection methods, do not cause social cost to a host country and tend to remain for short periods. Thus, pan-European movements of this type of worker are not easy to establish, which may in part explain why this has not been an adequately researched area. However, these workers are likely to have a very significant impact on national economies, particularly in view of their high earning (and spending) capabilities.

In the light of the Franco-British stance that has been taken here, it has been seen that France and Britain have a significant level of bilateral trade. Though this has not seen a dramatic increase in recent years, trade is nevertheless important and there are indications that it is increasing. The channel tunnel in particular has had an effect on the development of the Kent-Nord Pas de Calais Euroregion, with an increasing number of small and medium sized companies establishing a site on the other side of the Channel in the last two to three years. Thus, Franco-British trade has remained at a reasonably high and stable level since the establishment of the SEM.

Evidence from the ten case study companies and the postal survey suggests that companies are reluctant to ascribe their increasing internationalisation to European developments. Companies were clear that the SEM had not encouraged them to take any steps that their own corporate development would not have led to them to take. However, they agreed that the general economic climate that has thrived with the SEM has certainly not had a detrimental effect on their businesses. In particular, the removal of barriers to trade and free circulation of goods, capital, services and people has helped to ease international trade. This is evidenced by the growing level of cross-border company collaboration that has recently been taking place, as companies have attempted to align themselves to the most favourable position in order to survive the increased competition that they expected the SEM to promote.

Thus the increasingly competitive environment and the dismantling of barriers to trade has led to a growing number of joint ventures, mergers and business acquisition which, in some companies, has brought the issue of staff mobility to the fore. The literature review on company preparations for the SEM suggested that many companies were making some preparations for '1992', but that these preparations took a variety of forms and intensities.

Thus, the general atmosphere of increased competition and new forms of spatial development has raised the profile and importance of pan-European mobility of staff within the internal labour markets of companies. This should however be put into perspective: in this study, the companies interviewed all had an interest in mobility and were mostly working to facilitate or promote it in their companies. This relationship is an established one - Wood & Peccei (1990) found that it was the companies that were already active in Europe that were most likely to be promoting the development of further European policies and thus using staff international mobility to achieve corporate goals. In a review of the success and impact of the SEM, the Commission (1996h) noted that larger companies were particularly positive about the benefits to trade created by the SEM. The majority of companies however, may have very little or no international staff mobility, particularly if they trade on a purely national basis.

Despite this, the research evidence from the companies studied here has significant relevance. It serves to increase our wider understanding of what form international mobility is now taking in those companies that use it, and what the important issues are and secondly, the findings are useful for companies themselves. In addition, while the new evidence largely corroborates earlier studies in this area, it also provides an updated picture of corporate mobility policy and practice. All the companies interviewed were interested to know of the research findings (if only to allow them to compare their own difficulties and successes with those of the other case study companies). Indeed, company H expressed a particular interest in the findings as this company is now undertaking a major review of its entire international assignments programme.

The results of the company research suggested that the reasons for companies requiring mobility in our study were very specific. Mobility was used to help companies expand or break into new markets by merging with or acquiring new overseas operations, to promote closer working partnerships with foreign counterparts, to promote the sharing of specialist knowledge or collaboration, or to become more 'European'.

It has been noted above that those companies already interested in 'Europeanisation' or other goals were most likely to be interested in the pan-European mobility of their staff. However, in this study, the type of company was found to be as important as size. Although limited in scope, the evidence from the company research suggested that technical and specialised companies were most likely to require mobility from staff - particularly from specialised and technical workers, managers and high flyers for personal career development purposes. The reasons for mobility and the level of internationalisation of the company could therefore be linked and expressed in a clear, tabulated form (see table 19). Furthermore, statistical information contained in chapter 6 confirmed that highly skilled and professional workers are now the most likely candidates for international mobility.

Turning to the nature of the mobility itself, the international mobility of the staff in these companies was of relatively short duration but was still expensive for companies. Traditional expatriation methods (i.e. sending a worker away for very extended periods

as in the past) were seen to be increasingly rarely used and this has led to the emergence of a new type of mobility policy in companies. Companies were concerned that their compensation packages for mobility (contained in the mobility policy) should be similar to their competitors, and indeed this seemed to be an almost greater concern than the revision or updating of their policies in line with workers' feedback. The numbers of mobile staff were not large, but in terms of the type of staff and function, were of great strategic importance to companies. The short duration of most assignments also meant that there was less time for staff to settle in - workers need to be in a position to get to optimum performance in a very short space of time. The development of comprehensive mobility packages in most companies moving staff reflect the importance of this requirement for companies.

Despite the very significant help afforded to most corporate movers, interviews with employees who had experienced international mobility with their company showed that workers still felt that they needed more support from their companies with the move. These interviews revealed, from a more personal perspective, that the international assignment and relocation process is not always smooth, even when this is taking place within the company internal labour market. The evidence also suggested that companies did not always fully understand employees' concerns; understandably, international mobility managers' focus of attention was on how mobility could achieve its corporate aims. At the end of the company research, some suggestions were able to be made to companies in their ongoing refinement of their mobility packages and international assignments programmes.

To a large extent then, the link between competition, internationalisation and the mobility of highly skilled staff could be established. Though the numbers remain relatively small, it was seen that this mobility had great importance for companies, which were making attempts to manage it in a less purely financial way than in the past. However, not all highly skilled mobile workers in Europe are transferred at the hands of their companies. It is almost impossible to state with certitude the number of highly skilled workers who are mobile independently. However, evidence in chapter 6 showed that significant numbers of individuals are mobile between France and the UK (we noted that 25 284



British people were working in France and 28 082 French people were working in the UK in the early 1990s). Furthermore, the evidence reviewed suggests that an increasing proportion of the mobile workers were likely to be in the higher socio-economic categories and were not likely to remain abroad for long.

The different issues facing corporate and independent movers are evidently of a very different nature. For corporate movers, the path to and from their destination is greatly smoothed by the corporate mobility programme - though workers still requested more practical support from their companies. For independent movers, a number of difficulties remain. These concern the outstanding obstacles and barriers to free movement which have still to be tackled by member states. It was seen that supplementary pensions were of particular importance to highly skilled movers since there is as yet no 'portable' supplementary pension scheme in the EU. Other obstacles such as the recognition of diplomas in both the regulated and non-regulated professions and in some cases, fiscal barriers also continue to make international mobility difficult, even for the highly skilled individuals for whom mobility should be relatively easy. For instance, the characteristics possessed by the highly skilled worker - such as a university education, more specialised skills, lower likelihood of having deep personal ties in the home community, access to information on job opportunities and so on - mean that mobility is much easier for this group than for lower skilled workers.

The distinction between the international mobility of the highly skilled moving within a corporate framework, as opposed to workers moving independently, is a distinction that is likely to become more pronounced as the process of internationalisation and globalisation continues. In the late 1980s, the Commission observed that European worker mobility affected two categories: the increasingly mobile highly skilled workers and relatively unskilled workers (Commission, 1988a). Evidence from this study suggests that there is a further polarisation within the category of the highly skilled, with corporate movers on one hand and independent movers on the other.

The danger is that if companies are perceived to be 'taking care of matters' as far as individual employees' movements are concerned, this could tempt decision makers to

leave the mobility issue up to company human resource departments. Of course, companies are in some ways in the best position to transfer workers; they do so only in response to company demands thereby guaranteeing that the worker has a job to go to (and, generally speaking, one to come back to), can almost always overcome any obstacles, and entirely guarantee the worker's passage to the host country. This point is confirmed by Salt (1990) who has pointed out that important decisions about the mobility of workers are increasingly being taken by companies, and particularly by the major multinationals, operating in Europe. However, this is unlikely to be the best way to ensure that a clear and coherent mobility policy is developed at the EU level.

It is understood that the driving force behind the free movement of workers is economic - to promote a flexible labour market in order to stimulate competition and fill skills gaps - yet it is uncertain to what extent these goals have been achieved. Though outside the scope of this study, it appears that the unemployed generally tend not to exercise their right to mobility to seek work in other member states but prefer to remain unemployed at home. While social legislation cannot hope to overcome all of workers' reservations and inertia - and the Commission and the EU member states have indeed accomplished a great deal in this highly complex area to ensure the right to free movement for EU citizens - this work is far from complete. Social legislation has in some ways taken a back seat to other legislation in the EU's agenda and appears in many cases to have been 'tacked on' to other measures. In short, though much has been achieved to make free movement a reality for European citizens, many are still unaware of what their rights are and even highly skilled independent movers may be dissuaded from mobility by the remaining obstacles. (For instance, the lengthy delays in having professional qualifications recognised by the host state, which often overrun the theoretical four month time limit.)

On a more positive note, the Commission has acknowledged these existing problems and obstacles to mobility for all categories of worker and is working to overcome them. The reform of EURES and the creation of the Citizens First initiatives have been steps in the right direction. However these measures are still very small scale in relation to the size of the problems. In particular, the Commission's efforts need to be much more widely

publicised and supported in member states before they are likely to fully achieve their goals. However, in the current political climate it would appear that extending membership of the EU may be a preferred political option to deepening integration. If this continues to be the case, attention to the remaining obstacles to labour mobility may take a lower priority, particularly in view of the length of time and political commitment that is required to reach consensus on these sensitive issues.

Furthermore, progress in tackling the remaining obstacles to free movement is likely to continue to be slow while responsibility for free movement and related issues spreads over so many directorates-general in the Commission. Free movement touches on a number of sensitive political issues in member states, and while this will remain the case, the issue is unlikely to be helped by a lack of co-ordination in the Commission. Indeed, without a greater level of integration (and trust) amongst member states it is difficult to see how progress on free movement at EU level can be made at all, particularly in the light of the accession of new member states. In the meantime, highly skilled workers, particularly those who are moved by their companies, will increasingly continue to enjoy a privileged position with regard to pan-European mobility.

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Citizens First campaign, factsheets and guides to living, working and studying in member states, contact numbers.

**<http://www.cec.org.uk>**

Publications, information sheets, links to European databases.

**<http://europa.eu.int>**

The official homepage of the EU containing policies, institutions, official documents etc.

**<http://europa.eu.int/rapid>**

European Commission RAPID database containing official documents, press releases and other official material.

**<http://europa.eu.int/en/comm/eurostat>**

Eurostat home page.

**<http://www.yahoo.com/Business and Economy/Companies>**

Contains a directory of international companies under industry headings.

## **Appendix 1**

### **Principal measures taken to ensure free movement of workers**

#### **Regulation 15/61**

Authorised national workers of one member state to seek work in another member state where vacancies unfilled by nationals of that state.

#### **Regulation 38/64**

Granted the right to national workers of one member state to work in another member state and abolished national priority.

#### **Directive 64/221**

Permitted derogations to the right of free movement on the grounds of public order, public health and public security.

#### **Regulation 1612/68 & Directive 68/360**

All substantive rules (employment, housing, tax, social security) & abolition of restrictions on movement and residence for workers and their families.

#### **Regulation 1251/70**

Right to remain in host state after having been employed there.

#### **Regulation 1408/71 & Regulation 574/72**

Application of social security to employed and self-employed persons moving within the Community.

#### **Directive 73/148**

The abolition of restrictions on free movement and residence within the Community for nationals of member states with regard to establishment and provision of services.

**Directive 75/34**

The right for nationals of one member state to remain in the territory of another member state after having been self-employed there.

**Regulation 77/486I**

The education of migrant workers' children.

**Directive 89/48**

First General System for the recognition of professional education and training in higher education.

**Directive 90/364**

General rights of entry and residence for those not previously enjoying those rights.

**Directive 90/365**

Rights of entry and residence for Community nationals who have reached retirement age, having worked in another member state.

**Directive 90/366**

Rights of entry and residence for students enrolled on vocational courses.

**Directive 92/51**

Second General System for the recognition of professional education and training in secondary education.

**Regulation 2434/92**

Provisions relating to the revision of SEDOC.

**Directive 96/71**

Relating to the secondment of workers within the framework of the provision of services.

Source: Handoll, 1995; Burrows, 1987; Dahlberg, 1968; Commission, 1997d.

## **Appendix 2**

### **Distribution of Euroadvisers by country**

<b>Country</b>	<b>No. Euroadvisers</b>	<b>Country</b>	<b>No. Euroadvisers</b>
Austria	4	Iceland	-
Belgium	26	Italy	31
Germany	49	Luxembourg	6
Denmark	20	Netherlands	19
Spain	33	Norway	2
Finland	6	Portugal	17
France	33	Sweden	6
Greece	16	United Kingdom	15
Ireland	24		
Other Euroadvisers			
Trade unions	43		
Employer organisations	5		
Universities	17		
Others	3		
<b>Total all Euroadvisers</b>			<b>375</b>

### Appendix 3

#### Case study companies

Company	Sector	Global mobility policy	Approx number assignmts per yr	Total employees	Principal activities
A	Computing	No	1-2	350	Data communications equipment
B	Computing	Yes	5-10 <sup>b</sup>	21 000	Data processing and peripheral equipment and provision of software and maintenance services
C	Engineering	Yes	100-200 <sup>b</sup>	90 000	Power plants and transmission, nuclear reactors and electrical engineering
D	Engineering	Yes	30-40	4 300	High technology missile, missile guidance and satellite systems
E	Engineering	Yes	100-120 <sup>b</sup>	55 000 <sup>a</sup>	Advanced technology systems in automotive and aerospace markets
F	Manufacturing	Yes	30-40 <sup>b</sup>	67 400	Manufacture of cars and bicycles and provision of mechanical engineering and services
G	Chemicals	Yes	200	17 000	Chemical materials in three areas: coatings and sealants, polymer products, fibre and chemicals
H	Chemicals	Yes	250	52 500	Research, development and marketing of pharmaceuticals
I	Chemicals	Yes	450	75 250	Chemicals in four sectors: chemicals, fibres, agro and health
J	Services	No	1-2	350	Traditional insurance and reinsurance activities

<sup>a</sup> 1991 figures.

<sup>b</sup> This includes international assignees to/from the UK division only.



## **Appendix 4**

### **Companies K & L**

The following two companies were not included in the case studies:

#### **Company K**

This is a French owned company and a major producer of mechanical and electrical equipment principally for the automotive market. There are nine business units within the manufacturing divisions.

The company has operations worldwide, and subsidiaries in France, UK, Italy, Germany, USA and Spain etc. and has a global mobility policy.

Total employees in 1990 - 29 300.

#### **Company L**

This British company produces a broad range of aerospace products and manages almost all the UK's civil and aerospace interests. The company has subsidiaries in France and the USA etc. and has a global mobility policy.

Total employees in 1990 - 127 900.

Source: Stopford, 1992.

## Appendix 5

### International Mobility Policy

Document issued September 1995

Programme	
International assignments programme (IAP) coverage	Assignments to a foreign location for a period of 1-5 years. It is assumed that the majority of international assignments will be on an accompanied basis.
Selection	Home company to identify suitable candidates and host company to approve final selection based on personal skills and technical/functional competence.  Identify through a corporate management development process.
Manager, International assignment	Responsible for the programme development and interpretation. Based in X.
Assignment Centres	These are the key support and technical centres based in X, Y and Z.
Scope of IAP	Uniform approach to the assignment process allowing for operational flexibility.

Selection and preparation	
Principles	Assignees must have clear understanding of goals and objectives.
Initiation	Host company to define scope of job and intended duration of assignment.
Assignment authorisation and costing	Each assignment to be costed and authorised prior to assignment process and headcount placed with home or host company.  Host company to meet the majority of costs, unless otherwise agreed between home and host company e.g. exception - pension.
Pre-assignment visit	Home and host companies may agree to a pre-assignment visit by employee and spouse for up to 5 working days.
Work permit and visas	To be obtained and monitored by host country HR unless alternative legal requirement.
Nationality issues	To be discussed at pre-departure briefing - relevant if assignee or family member is or becomes pregnant during assignment.
Pre-departure briefing	Assignee and spouse to have in-depth briefing before departure, following specific outline.

Medical examinations	<p>To be undertaken prior to assignment by assignee and accompanying family and annually thereafter.</p> <p>Specific examinations/inoculations may be required for entry to some countries. Final medical on return to home location.</p>
Language training/cultural awareness	<p>Maximum 200 hours of language training to be provided for assignee and 100 hours per family member.</p> <p>In cases of complex languages, extra tuition may be provided for assignee and family.</p>
Estate and legal planning	Assignee must be advised to seek legal/professional advice (at own cost).
Tax planning	Assignee will be provided with tax advice at company cost for company-sourced income.

#### Remuneration

Salary administration and principles	<p>Assignment remuneration to be based on a 'balance sheet' approach.</p> <p>Key differences in taxation, social security, cost of living, housing and utilities between home and host countries to be protected.</p> <p>The basis is a principle of 'no win, no lose' as a result of the assignment.</p> <p>Allowances are additionally paid, to recognise mobility and any special local conditions.</p>
Salary reviews	<p>Assignee's 'notional' home salary to be reviewed in accordance with home country policy and timetable.</p> <p>Any increase in notional salary will trigger a full re-calculation of the assignment by home company.</p> <p>Review and communication to assignee co-ordinated by home country.</p>
Schedule of assignment remuneration	<p>Present the assignment salary data.</p> <p>Home/host company provides assignee with schedule detailing all aspects of assignment remuneration and delivery, in net salary, home currency terms.</p>
Goods, services and adjustment	<p>To be included in the Schedule of Assignment Remuneration.</p> <p>Details advised by our consultants (name) and normally revised (up or down) on an annual basis.</p>
Car adjustment	Adjustment to be made in the remuneration calculation where home and host car policies vary.

Cost of utilities and services	Adjustment to cover cost differential of utilities between home and host.
Location allowance	<p>A variable allowance will be paid to assignees to recognise cultural and hardship differences.</p> <p>The allowance will be paid through the payroll, net of tax and calculated as a percentage of notional home salary.</p> <p>The percentage paid will vary to reflect the location and will range from 0% to 25%.</p>
Assignment allowance	<p>An allowance will be paid to recognise the mobility required by the assignment and to compensate for some of the associated intrinsic difficulties.</p> <p>The allowance will be paid through the payroll, net of tax and calculated as a percentage of notional home salary.</p> <p>The percentage paid will vary to reflect the nature of the move, and is 10% for most moves. It rises to 15% for significant moves such as US to Australia or Europe to Japan.</p>
Disturbance allowance	To be paid normally in home country prior to departure to cover items of additional expenditure e.g. clothing, driving licence, minor electrical appliances.
Additional responsibility allowance	<p>The basis for calculation of the assignment salary will normally be the home country salary equivalent of the assignment job.</p> <p>If this approach is not appropriate, an additional responsibility allowance may be paid during the assignment instead (e.g. deputising for a territory General Manager for 12 months).</p> <p>This allowance will be determined by local managers with advice from HQ.</p>
Delivery	Basic principle is local spending requirements delivered locally (estimated 60% of net remuneration) and balance delivered in home country.
Share options	Corporate practice to apply as far as legislation permits.
Bonus plans/profit sharing	<p>Level of bonus opportunity to be home based.</p> <p>Measures used to be host business performance based.</p>
Spouse also going as assignee	<p>If a (company) employee, only one set of allowances and adjustments will be paid.</p> <p>If not, (company) will seek to co-ordinate elements of package e.g. relocation with spouse's employer.</p>

<b>Tax and social security</b>	
Taxation	<p>(Company) will be tax compliant in all the countries in which it operates.</p> <p>Tax advice to be taken at planning stages of assignment ensuring best possible structure to achieve maximum efficiency for the company.</p>
Social security	Where possible, assignee to be maintained in home country social security system.
<b>Pension</b>	
Pension plan	Where possible, assignee to be maintained in the home country pension plan.
<b>Housing and relocation</b>	
Home property management	(Company) will have no involvement in rental or property management of home housing and will make no home housing deduction in calculation of assignment salary.
Home property sale	No assistance provided if assignee decides to sell property unless it is a permanent transfer.
Host property rental	<p>Host company to establish local accommodation levels.</p> <p>Housing, furnishings, phone etc. provided within agreed limits.</p> <p>If host company has accommodation available, this will be used.</p>
Host property purchase	<p>The host company may purchase housing where it is not practical to secure rented accommodation.</p> <p>The assignee will not be reimbursed with any expenses associated with the purchase or sale of a property in the host location.</p> <p>No housing allowance will be provided if the employee decides to purchase a property.</p>
Moving arrangements	Host company will meet the cost of shipping reasonable personal goods to and from assignment location and to pay reasonable essential storage charges for items left at home.
Excluded items	Rare/valuable items are excluded. Assignees to meet all the costs of moving pets and animals.
Travel expenses	Reasonable travel expenses of assignee and accompanying family to be met by host company.
Relocation air travel	Home company overseas business travel policy to apply.

Benefits in kind	
Spouse assistance	<p>A contribution to be made by host company (cost up to £2,500) towards work permit application, CV preparation or employment counselling for accompanying spouse.</p> <p>A spouse may apply for an educational allowance of up to £5,000 p.a. to support study in host location.</p> <p>No family income loss is to be protected.</p>
Car disposal	<p>Where a company vehicle is provided in home location, loss on sale of 1 car to be met by company.</p> <p>Where no company vehicle is provided in home location, loss on sale of 2 cars to be met by company.</p> <p>On return home, loss on sale of 1 vehicle will be met.</p>
Local transport	Host company policy applies.
Club membership	Host company to provide one local club membership, reflecting business needs and clear market practice.
Drivers	Provision will depend upon local practice, seniority, legality and business need.
Private insurances	Assignee to be responsible for establishing insurance cover in home and host country e.g. for personal household goods, cars, home property etc.
Mental and dental care	Medical and dental expenses (except those of a cosmetic nature) for assignee and accompanying family to be met through insurance plan or direct payment comparable to provision at home location.
Life assurance	To be provided in accordance with group policies.
Personal accident insurance	To be provided in accordance with group policies.

Leave	
Annual vacation entitlement	Home company entitlement for annual vacation plus local Public Holidays.
Home leave and class of travel	One direct round trip per annum between host and home location for assignee, spouse and accompanying family will be provided at company expense.
Rest and recuperation (R&R)	<p>At certain locations, assignees and family may be offered R&amp;R breaks at specified locations. These will be identified in the letter of assignment and will follow market practice.</p> <p>Typical conditions comprise - economy excursion fares, visits of up to 5 days as the maximum, tourist standard accommodation.</p>

Education	
Education principles	<p>Assignee's children to be educated within state education system. Where this is not appropriate, host company to determine and pay reasonable costs of education at a private day school.</p> <p>If no suitable state or private schooling is available in host location, assistance provided with boarding school education in host or home country within set limits.</p> <p>Home/host managers to decide with advice from HR whether or not state system is appropriate.</p>
Children's' visits	2 round trips per annum to assignee's host location for children under 19 attending boarding school outside the host country. Economy Excursion.
Dependent university students 19-23	1 round trip per annum to assignee's host location. Economy Excursion.
Continuation of assistance after repatriation	Normally to end of academic year.
Assignment Management	
Employment	<p>Ordinarily, employee will remain in employment of home company during assignment.</p> <p>Employment relationship between home and host company will be defined.</p>
Letter of assignment	To be prepared by home country HR or Assignments Centre.
Performance monitoring	Home and host company to co-ordinate regular reviews of performance that should take place at least annually.
Home visit	<p>Assignee is expected to return to home company at least annually to maintain links, identify new skills and discuss progress of assignment. Where possible, this will be combined with a business visit or the annual family home leave.</p> <p>Time spent working during family home leave will not be counted against vacation entitlement.</p>
Maternity	Home and host companies will decide if it is in the best interests of the assignee, the child and the companies to remain in the host location.



End of Assignment	
Repatriation	Target notification - three months prior to end of assignment.
Temporary living expenses	<p>Host company to meet up to 30 days receipted home country accommodation expenses.</p> <p>Host company to meet costs of up to 30 days alternative accommodation in host location if necessary.</p>
Early termination of assignment	Assignment may be terminated by the company with one month's notice.
Resignation	<p>Assignee cannot resign from the assignment but only from the Company.</p> <p>Reimbursement of costs incurred to return home will be reviewed but not guaranteed.</p>
Repatriation on medical grounds	Assignee will be repatriated on the advice of the appropriate qualified Company doctor.

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